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THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th., 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

(a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

(b) Communicate to parties interested, also as promptly as possible, the above information;

(c) Indicate the wages paid for farm work;

(d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

(e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

(f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses, or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: (a) a Bulletin of Agricultural Statistics; (b) a Bulletin of Agricultural Intelligence and Plant Diseases;

(c) a Bulletin of Economic and Social Intelligence; (d) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Co-operation in Various Countries (2 Volumes)".

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PREFACE

The Permanent Committee of the International Institute of Agriculture, in its session of February 19th., 1912, decided that scientific authorities of the first rank or men of well known practical experience might be invited to collaborate to a certain extent in its publications, without the character and spirit of the latter undergoing alterations.

In the present number of the Bulletin of Economic and Social Intelligence the idea has been acted on for the first time. This number, in fact, contains two articles by collaborators not on the staff of the Bureau : they are M. Daniel Zolla of Paris, and the Hon. Prof. A. Celli of Rome. We wish once more here to express our lively gratitude to these gentlemen, as well as to the Delegates and Governments that have kindly suggested them to us as collaborators.

The General Secretary

G. LORENZONI.

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

AUSTRIA.

I. — CURRENT QUESTIONS.

How the Sale of Live-Stock is organized in Austria.

Sources :

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- Verordnung der Ministerien des Ackerbaues, des Handels und der Finanzen vom 20 März 1910, betreffend die Errichtung einer Zentrale für Viehverwertung. (*Ordinance of the Ministries of Agriculture, Commerce, and Finance of March 20, 1910, for the foundation of a central office for the sale of live-stock*).
- Publicationen der Zentrale für Viehverwertung. — Anbot- und Nachfrageliste Jahrgang 1911. Nos. 11-14. (*Publications of the central organ for the sale of live-stock, 1911, Nos. 11-14*).
- Die Organisierung der Viehverwertung in Galizien. (*The organisation of the sale of live-stock in Galicia*). From the "Oesterreichische landwirtschaftliche Genossenschaftspresse." No. 192. 1912.
- ALOIS PATZAK : Die Organisierung der Viehverwertung in Oesterreich (*The organization of the sale of live-stock in Austria*). From the "Wiener landwirtschaftliche Genossenschaftspresse." No. 210, April 18, 1912 et passim.

§ 1. Introduction.

Stock-breeders only began to organise the sale of live-stock in Austria a few years ago, yet the activity displayed in this field has been intense and crowned with great success, due to the harmonious co-operation of the agricultural organizations, the State, and the persons interested.

We have already spoken in detail (see Bulletin No. I, Year I, p. 143 et seqq.) on this subject, explaining the reasons which led to energetic action

for the suppression of the middlemen, so as to allow the breeders to profit by direct dealings with the great market centres.

It is well-known that live-stock, especially that intended for slaughter, passes through the hands of a whole series of middlemen before reaching the consumer, and each of these realises handsome profits to the detriment of the breeder. But the isolated farmer or breeder, is, on the other hand, unable to avoid selling his animals through the agency of the middleman, who comes to him on his farm, as it would not pay him to go personally with his few head of cattle to the distant market where he could indeed sell at higher prices, but where the larger profits thus realised would not even cover his increased outlay.

§ 2. The Work of the General Federation of the Agricultural Co-operative Societies of Austria.

The only remedy for this state of things was to organize the sale of live-stock on a co-operative basis, following the lines adopted for the sale of cereals and other farm products.

The General Federation of the Agricultural Co-operative Societies of Austria (*Allgemeiner Verband landwirtschaftlicher Genossenschaften in Oesterreich*) was the first to undertake this work. In 1907 it opened at the central market of Vienna stock-yards for the sale of animals for slaughter (*Viehverwertungsstelle*) so as to sell the live-stock sent there by farmers of all parts of the Empire at the best possible prices.

For this purpose the Federation, with the support of the several provincial and local agricultural organizations, engaged a number of reliable agents residing in the principal centres of production, and instructed them to collect the live-stock which the individual breeders had for sale and to forward it to Vienna. The agent arranges with the individual breeders, and when there are enough animals available to make a car-load he drives them to the nearest railway station and sends them to the *Viehverwertungsstelle* at Vienna. Here the agents of the Federation receive them, take them to the stock-yards, and when the right moment comes, they avail themselves of it to sell.

After deducting expenses, without any commission charges, the *Viehverwertungsstelle* forwards to the breeders the purchase money. The live-stock is sold in behalf of the breeders and the Federation merely acts as agent.

The value of the initiative thus taken by the Federation was soon apparent, as traders in live-stock began at once to offer higher prices in those districts in which the animals were collected and sent to Vienna.

Thus, as the result of organization, the isolated breeder, who formerly had to accept the prices offered by the dealer, can now take advantage of the better terms offered by the great markets, and thus secure for himself the profits which would otherwise go to the middleman.

The success obtained by the General Federation is truly conspicuous, as is shown by the constant increase in the business transacted. The *Viehverwertungsstelle* has sold live-stock from the different provinces on the Vienna market to the following value.

Value of live-stock sold from the Stock-Yards of the General Federation of Agricultural Co-operative Societies of Austria.

From Oct. 21st to Dec. 31st 1907	Crowns	182,729.68
„ Jan. 1 „ „ „ 1908	„	2,998,270.60
„ „ „ „ „ 1909	„	2,347,043.88
„ „ „ „ „ 1910	„	3,960,908.44
„ „ „ „ „ 1911	„	13,175,274.32
Total	Crowns	22,664,226.92

The number of animals sold, rose, in 1911, to 133,650, distributed as follows:

Number of Animals Sold.

Provinces whence obtained	Description						
	Oxen	Bulls	Heifers	Calves	Sheep	Pigs	Total
Lower Austria .	1,468	103	405	224	—	300	2,500
Upper-Austria .	75	814	195	23	—	—	1,107
Styria	2	1	3	—	—	—	6
Carinthia. . . .	22	—	11	—	—	—	33
Bohemia	—	62	23	—	—	—	85
Galicia.	946	36	130	—	335	123,731	125,178
Bukovina. . . .	177	6	21	—	—	4,217	4,421
Moravia	140	27	41	—	—	23	231
Sea Coast . . .	—	—	—	—	—	89	89
Total	2830	1049	829	247	335	128,360	133,650

The excellent results thus obtained in the sale of live-stock for slaughter have induced the General Federation to entrust to the *Viehverwertungsstelle* the sale of breeding-stock and milch cows.

§ 3. *The Work of the State.*

Even before the organization of the stock-yards above described, the Government, and more especially the I. & R. Ministry of Agriculture, had taken much interest in this question, and gave generous support, both moral and financial, to the initiative of the Federation.

But in order that the work might be done effectively, and on uniform lines, it went a step further, and opened a special office, under the direction of the Ministry of Agriculture, for the purpose of developing the co-operative sale of live-stock by means of active propaganda, the opening of stock-yards, and organization.

The duties of this office, known as the *Zentrale für Viehverwertung*, consist in submitting reports on this subject to the Ministry of Agriculture, on request, or of its own initiative; in giving advice, instructions, etc., to the farmers; in sending out technical agents; giving lectures; distributing publications, etc., and helping by all means the agricultural organizations in forming co-operative societies for the sale of live-stock.

The *Zentrale für Viehverwertung* does not engage in business, but its work is educational. It is an agency for propaganda and organization. It publishes periodically circulars showing the demand and supply of cattle, classified by provinces.

§ 4. *Stock-Yards for the Sale of Live-Stock. (Viehverwertungsstellen).*

The work performed by the General Federation and by the State has not been slow in yielding results. The breeders were soon convinced that it was to their advantage to associate for the collective sale of their stock on the market, and thus co-operative stock-yards have been opened in several centres.

There are now ten, distributed as follows: one each at Vienna (that of the General Federation), at Prague, Gratz, Linz, Olmütz, two at Lemberg one at Czernowitz, at Marburg s. D., at Laybach, and others are being opened.

We will now examine how the more important of these arose, and their mode of procedure. That of Vienna has been described above.

§ 5. *The Viehverwertungsstelle at Prague.*

One of the most important is the stock-yard at Prague. The Provincial Council of Agriculture of Bohemia, recognizing the urgent need of a stock-yard for the sale of live-stock, similar to that of Vienna, made arrangements with the town authorities and undertook the preparatory work in co-operation with the *Zentrale für Viehverwertung* of Vienna, and with the *Central Federation of the Agricultural Co-operative Societies of Bohemia*. The result was that in April, 1911, a stock-yard for the sale of live-stock, similar to that of Vienna, began work on the Prague market.

It is organized as an autonomous section of the Provincial Council of Agriculture of Bohemia ; it is managed by a Board of Directors consisting of four representatives of the two sections of the Council, (two for the German section and two for the Czech), of a representative of the Czech Agricultural Co-operative Societies of Bohemia, of a representative of the Association of land-owners and lessees and of a delegate of the Municipality of Prague. Besides these, a representative of the *Zentrale für Viehverwertung*, and a representative of the I. & R. Lieutenancy have a right to be present at the meetings and to vote.

These stock-yards offer farmers dwelling in districts from which it is convenient to send animals to the Prague market, the possibility of selling first hand on that market at favourable conditions. The stock-yards of Prague assist the farmers with advice, and do all they can to protect their interests in the sale of their live-stock, informing them rapidly of the situation of the market. For this purpose a special information service has been organized.

The stock-yards avail themselves, in carrying out their sale-contracts, of the services of an agent working under their direct supervision. Accounts are made up at the close of each day, and the purchase money, minus expenses, is at once forwarded to the breeders.

Both large and small breeders can avail themselves of the services of these stock-yards. Large breeders find it to their advantage to do so, as they can thus forward small batches of cattle to several markets at the same time, and thus avoid causing those price fluctuations due to placing a large supply on the market at one time. Small farmers, who only have a few head of cattle to sell, are advised to organize co-operatively for this purpose, forming co-operative associations for the sale of live-stock (*Viehverwertungsgenossenschaften*) to collect and forward collectively whole car-loads of animals, or else to avail themselves of the services of trust

worthy agents. (See above). By these means, as we have already seen, even the small farmers are able to take advantage of selling on the great market centres.

§ 6. *The Viehverwertungsstelle of Linz.*

Even before these organizations for the sale of live-stock existed, the farmers of Upper Austria had taken steps to sell their cattle first hand on the important market centres. As far back as 1905 they had begun to send to the market of Vienna loads of cattle belonging to several breeders who came to an agreement for this purpose, and this movement has since continued in an intensified form, availing itself of the services of the stock-yards of the General Federation.

But the breeders of Upper Austria noted that they could often realize higher prices by selling their cattle on the market of their provincial capital (Linz) and thus reducing considerably the cost of carriage.

Consequently the Provincial Council of Agriculture of Upper Austria, on a motion of the *Zentrale für Viehverwertung*, took the necessary steps and started the preparatory work for opening stock-yards (*Viehverwertungsstelle*) at Linz, which began work last year.

These are dependent on the Provincial Council of Agriculture, which organized them, and are managed by a Committee of 8, consisting of 3 representatives of the Provincial Council, 1 representative of the Municipality of Linz, one of the Municipality of Uhrfah, and one representative from each of the local co-operative associations for the sale of cattle.

In organizing the Linz co-operative stock-yards the precedent has been followed by which the agricultural organizations work, in this field, along with the town authorities. And this is natural for the organization of the sale of cattle for slaughter is a matter of interest not only to the farmers but also to the municipality, as it affects the food supply of the city.

The management of the stock-yards is entrusted to the Directing Committee. To avoid useless formalities and place the business on a commercial footing, one member has been entrusted with executive power, under a power of attorney. The sale contracts are carried out under the supervision of an expert butcher engaged by the stock-yards under a special contract.

This organization has proved itself admirably suited to the purpose in view. The Linz stock-yards work smoothly, rapidly, and with no hindrances.

The farmers are greatly interested in this institution, to which they constantly apply for information and advice, and through the agency of which they sell their live-stock.

The Linz stock-yards called, during last year, 15 meetings of farmers to discuss the organization of the sale of cattle. The following figures show the business transacted during the first 6 months of work :

Business Transacted during 1911 :

Month	Crowns
June and July	17,379
August	24,826
September	45,642
October	110,291
November	259,004

§ 7. The Organization of the Sale of Live Stock in Galicia.

Galicia is the province in which the sale of live-stock is most highly organized, and this is partly due to a series of natural conditions, which are particularly favourable.

As is known, Galicia is the country with the largest contingent of live-stock, and is the chief source of supply of several large cities.

The preliminary returns of the census of live-stock of December 31st., 1910, show that there are in Austria :

Census of Live-stock of December 31st., 1910.

Province	Horned Cattle	Pigs	Sheep	Horses
Lower Austria . . .	609,509	709,549	44,619	145,049
Upper Austria . . .	552,877	355,207	32,204	62,003
Salzburg	128,618	355,204	35,991	11,110
Styria	683,443	22,583	86,708	62,408
Carinthia	222,383	185,595	71,316	30,020
Carniola	226,977	177,300	24,195	27,153
Trieste and district .	3,129	3,244	279	2,758
Gorizia-Gradiska . .	74,987	57,757	15,090	6,320
Istria	60,490	50,693	203,550	4,026
Tyrol	412,667	99,550	150,903	22,556
Vorarlberg	58,592	17,131	4,686	3,243
Bohemia	2,290,537	1,012,178	152,998	250,428
Moravia	801,365	633,538	24,117	140,970
Silesia	196,626	144,209	5,478	31,769
Galicia	2,505,079	1,835,464	358,953	905,772
Bukowina	227,906	219,298	189,489	70,041
Dalmatia	104,716	70,849	1,027,747	26,520
Total . . .	9,159,901	6,431,265	2,428,593	1,802,748

The market of Vienna, more especially, is largely supplied with meat from Galicia, and it is this province which supplies most of the live-stock received by the stock-yards of the General Federation; of 133,650 animals sold by it in 1911, no fewer than 125,178 came from Galicia. (see page 5.)

How is the sale of live-stock organized in this district? Here again we shall see that the agricultural corporations were the first to take an initiative in this direction.

As soon as the General Federation had organized the *Viehverwertungsstelle* at Vienna, the I. & R. Society of Agriculture of Lemberg opened a stock-yard at Lemberg, which works on the same plan. By means of agents it collects the stock which the individual farmers wish to sell, and sends it by whole car-loads to Vienna or other market centres.

Before getting to work it had to carry on a propaganda among the farmers, who were not slow to realize the advantages which this new organization offered them, especially as they had the best of guarantees for the payment and immediate consignment to the breeders of the purchase money.

This *Viehverwertungsstelle* not only attends to the sale of animals for slaughter, but also to the sale of breeding-stock, milch-cows, and draught animals. It should be noted that a tendency to specialise in the organization of the sale of live-stock has already become apparent. The Federation of the agricultural co-operative societies for distribution has organized in Eastern Galicia the sale of pigs, most of which are sent to the Vienna market. In the first 5 months of 1911 this Federation supplied the Vienna market with 13,938 pigs for 1,192,387 crowns. And this only two years after opening.

§ 8. *Organization amongst the Ruthenians.*

The sale of live-stock has been organized on a rather different plan, but with the same ends in view, amongst the Ruthenian population of Galicia by the Ruthenian Agricultural Society, *Silskyj Hospodar*. Instead of beginning by opening a central agency, this society first promoted the foundation of several local co-operative societies for the sale of live-stock, of which there were 62 in 1911. These local societies are better suited to the needs of the Ruthenian population, which consists almost exclusively of small farmers and breeders, who, after seeing the results due to co-operation in the field of credit, distribution, and production (co-operative dairies) organized locally, decided to follow the same plan in organizing the sale of live-stock. Nor were they mistaken, for the co-operative societies for the sale of live-stock have met with great success. They deal principally in the sale of pigs. In May 1911 they sold 11,084 to the Vienna

market for 1,150,096 crowns. After deducting the cost of carriage, insurance, etc. the co-operative societies received 1,033,580 crowns from these sales.

Though only recently organized, they have already united in a Federation (*Landesverband für Viehverwertung in Lemberg*) with limited liability. At the close of its first year, 1911, it numbered 67 co-operative societies as members. 54 of these, for which alone we possess data, number 29,965 members, with 380,821 crowns of subscribed capital, 40,360 crowns paid up capital, 32,980 crowns reserve fund, and 72,608 crowns capital of its own.

The purpose of this federation is to reduce expenses as much as possible, by concentrating the sale of its stock on the more important market centres; and to grant loans for the collective purchase and breeding of live-stock, the opening of slaughter-houses, etc. From June 1st. to Dec. 31st., 1911, this Federation sold on the Vienna market 53,028 animals (almost exclusively pigs) for 4,151,904 crowns; on the Prague market 6,910 for 514,650 crowns, and on the Lemberg market 625 for 53,340 crowns. The management expenses amounted to 30,303 crowns, covered in part by a subsidy from the State and the remainder by the members at the rate of $1\frac{1}{2}\%$ on the gross value of sales. A fattening pen for 300 pigs, opened at Zolocziw cost 17,618 crowns; the loans granted amounted to 13,800 crowns; the net profits to 6282 crowns. Besides this, the Federation aims at giving unity of intent to the affiliated co-operative societies, to inspect them, and generally promotes the co-operative organization of the live-stock trade.

§ 9. *The Commercial Companies.*

One of the greatest difficulties in the way of these co-operative societies for the sale of live-stock is that they have not sufficient means to pay their members for the animals supplied, or to make them advances. Consequently when the farmer is urgently in need of money he prefers to sell his live-stock to a trader who pays for it on the spot rather than to the co-operative society which can only pay after it has itself received the purchase money.

These co-operative societies therefore require to get into touch with credit banks which can anticipate to the owners of the live-stock part of its value, on the security offered by the respective organizations. For this purpose the *spółka ziemska kolek rolniczych*, at Stanislaw, has been organized as a limited liability company. It attends to selling the live-stock of its members, procuring them, on the surety it offers, advances on the animals supplied.

But this *spolka ziemska*, organized in 1908, was far from satisfying the credit requirement of the live-stock trade; it is only a first effort in this direction. A large commercial organization, endowed with the necessary financial means, was required, and in 1911 the *Galician stock-yards for the sale of live-stock* (*Galizische Viehverwertungsgesellschaft, Ges. m. b. H.*) was opened at Lemberg for the purpose of organizing on a large scale the sale of animals for slaughter, with a special view to supplying the needs of the great towns. The following are the special features of the Company:

(1) an information service on the price of cattle on the several markets; (2) purchase and sale of cattle on commission, or on its own account when deemed desirable by the Board of Management; (3) the granting of loans for the purchase, fattening and sale of live-stock; (4) the promotion of the organization of small farmers for the sale of their live-stock; (5) the opening of slaughter-houses and factories for preparing the by-products of the slaughter-houses; (6) the purchase, leasing, or working on its own account of lands for the erection of pens for fattening live-stock, etc.

This company, which has the support of the principal agrarian organizations of Galicia, has a foundation capital of 151,000 crowns.

§ 10. Conclusion.

In a few brief years the agriculturists of Austria have succeeded in realising really remarkable results in organizing the sale of so important a farm-staple as live-stock. This success is due to the fact that they have united in a common effort and that the persons concerned have realized the value of organization in this direction. There exist now, besides the 10 *Vieverwertungsstellen* which we have enumerated, 130 local co-operative societies for the sale of live-stock, which do a total business of several millions of crowns. (1).

(1) In one of the next numbers of the Bulletin we shall give the text of the model rules for co-operative associations for the sale of livestock.

II. — RECENT NEWS.

I. — Work of the Federations and of the Central Institutions of the Co-operative Societies and of the Large Agricultural Associations.

(A) FEDERATIONS AND CENTRAL INSTITUTIONS OF CO-OPERATIVE SOCIETIES.

1. According to a statistical table published last May 30 organizations are now affiliated to the **General Federation of Agricultural Co-operative Societies of Austria** (*Allgemeiner Verband landwirtschaftlicher Genossenschaften in Oesterreich*) to which 8,610 agricultural co-operative societies belong, as follows:

Name of the Federated Organization	Nº of Affiliated Co-operative Societies
(1) Central Co-operative Agricultural Bank for Lower Austria. Registered co-operative association with limited liability, Vienna. (<i>Niederösterreichische landwirtschaftliche Genossenschafts-Zentralkasse, r. G. m. b. H. in Wien</i>)	773
(2) Agricultural Committee of the Provincial Parliament of the Archduchy of Upper Austria, Linz. (<i>Landesausschuss des Erzherzogtums Oesterreich ob der Enns, in Linz</i>).	318
(3) Central Co-operative Bank. Reg. co-op. soc. with ltd. liability, Salzburg. (<i>Salzburgische Genossenschafts-Zentralkasse, R. G. m. b. H., in Salzburg</i>).	53
(4) Federation of Agricultural Co-operative Societies of Styria. Reg. co-op. soc. with ltd. liability, Gratz. (<i>Verband der landwirtschaftlichen Genossenschaften in Steiermark, r. G. m. b. H., in Gratz</i>).	367

Name of the Federated Organization	Nº of Affiliated Co-operative Societies
(5) Federation of Co-operative Societies (<i>Zadrúzna Zveza</i>). Reg. co-op. soc. with ltd. liability, Cilli.	126
(6) Provincial Federation of the Agricultural Co-operative Societies of Carinthia. Reg. co-op. soc. with ltd. liability, Klagenfurt. (<i>Landesverband der landwirtschaftlichen Genossenschaften in Kärnten v. G. m. b. H. in Klagenfurt</i>)	117
(7) Federation of Co-operative Societies (<i>Zadrúzna zveza</i>) Reg. co-op. soc. with limited liability, Laybach	642
(8) Gorizian Federation of Co-operative Societies and Agricultural Associations. Reg. co-op. soc. with ltd. liability, Gorizia. (<i>Goriska zveza gospodarskih zadrug in drustev</i>)	87
(9) Federation of the Agricultural Consortiums of Friuli. Reg. co-op. soc. with ltd. liability, Gorizia. (<i>Federazione dei consorzi agricoli del Friuli, c. r. a. v. l. Gorizia</i>)	97
(10) Federation of the Industrial and Economic Consortiums of the Province of Istria. Reg. co-op. soc. with ltd. liability, Parenzo. (<i>Federazione dei consorzi industriali ed economici della provincia d'Istria c. r. a. v. l.</i>). Parenzo	66
(11) Federation of Co-operative Societies (<i>Zadrúzna savez</i>) Spalato.	195
(12) Federation of the Agricultural Co-operative Societies of the Sea-coast. Reg. co-op. soc. with ltd. liability; Ragusa. (<i>Savez Srpskih privrednih zadruga na Primorju</i>)	47
(13) Central Bank of the Raiffeisen Banks of the German Tyrol. Reg. co-op. soc. with ltd. liability. Innsbruck. (<i>Zentralkasse der Raiffeisenvereine Deutschtirols, v. G. m. b. H., in Innsbruck</i>)	320
(In May, 1911 this Central Bank became a Federation. See page 18.)	
(14) Federation of the Agricultural Co-operative Societies of North Tyrol. Reg. co-op. soc. with ltd. liability. Innsbruck. (<i>Verband landwirtschaftlicher Genossenschaften Nordtirols, v. G. m. b. H., in Innsbruck</i>)	61
(15) Federation of the Agricultural Co-operative Societies of South German Tyrol. Reg. co-op. soc. with ltd. liability. Bolzano. (<i>Verband landwirtschaftlicher Genossenschaften Deutsch-Südtirols, v. G. m. b. H., in Bozen</i>)	38

Name of the Federated Organization	N° of Affiliated Co-operative Societies
(16) Federation of the Co-operative Wineries of South German Tyrol. Reg. co-op. soc. with ltd. liability. Bolzano.	
<i>(Verband der Kellereigenossenschaften Deutsch-Südtirols, r. G. m. b. H., in Bozen)</i>	15
(17) Federation of the Agricultural Co-operative Societies of Vorarlberg. Reg. co-op. soc. with ltd. liability. Bregenz.	
<i>(Verband landwirtschaftlicher Genossenschaften in Vorarlberg, r. G. m. b. H. in Bregenz)</i>	81
(18) Central Federation of the German Agricultural Co-operative Societies of Bohemia. Reg. co-op. soc. with ltd. liability. Kgl. Weinberge.	
<i>(Zentralverband der deutschen landwirtschaftlichen Genossenschaften Böhmens, r. G. m. b. H., in Kgl. Weinberge)</i>	800
(19) Central Federation of the Czech Agricultural Co-operative Societies of the Kingdom of Bohemia. Reg. co-op. soc. with ltd. liability. Prague.	
<i>(Ústřední jednota českých hospodářských společenstev v Království Českém)</i>	2,009
(20) Federation of Flax-growers of Bohemia, Moravia and Silesia. Prague.	
<i>(Svaz českých Inarů Cechachna Morave a ve Slezsku)</i>	22
(21) Central Federation of the Agricultural Co-operative Societies of Moravia and Silesia. Reg. co-op. soc. with ltd. liability. Brünn.	
<i>(Zentralverband der deutschen landwirtschaftlichen Genossenschaften Mährens und Schlesiens, r. G. m. b. H., in Brünn)</i>	392
(22) Central Federation of the Czech Agricultural Societies of Moravia. Reg. co-op. soc. with ltd. liability. Brünn.	
<i>(Ústřední svaz českých hospodářských společenstev v markrabství Moravském)</i>	702
(23) Central Federation of the Agricultural Co-operative Societies of Silesia. Reg. co-op. soc. with ltd. liability. Bielitz.	
<i>(Verband landwirtschaftlicher Genossenschaften in Schlesien, r. G. m. b. H. in Bielitz)</i>	166
(24) Federation of the Czech Agricultural Co-operative Societies of the Duchy of Silesia. Reg. co-op. soc. with ltd. liability. Troppau.	

Name of the Federated Organization	Nº of Affiliated Co-operative Societies
(<i>Jednota českých hospodárských společenstev ve vodství Slezském</i>)	109
(25) Federation of Polish Agricultural Co-operative Societies of the Duchy of Silesia. Reg. co-op. soc. with ltd. liability. Tetschen.	
(<i>Związek spółek rolniczych w Ksiestwie Cieszyńskim</i>)	111
(26) Federation of Agricultural Co-operative Societies of Bukowina. Reg. co-op. soc. with ltd. liability. Czernowitz.	
(<i>Verband der deutschen landwirtschaftlichen Genossenschaften in der Bukowina, v. G. m. b. H. in Czernowitz</i>)	85
(27) Federation of the Ruthenian Agricultural Co-operative Societies. Reg. co-op. soc. with ltd. liability. Czernowitz.	
(<i>Selanska Kassa</i>)	193
(28) Federation of the Rumanian Agricultural Co-operative Societies of Bukowina. Reg. co-op. soc. with ltd. liability. Czernowitz.	
(<i>Centrala insotirilor economice române din Bucovina</i>)	172
(29) Provincial Federation for the Inspection of the Agricultural Ruthenian Co-operative Societies. Lemberg.	
(<i>Krajewj Sojuz rewizynyj ruskych stowaryszen hospodarskich</i>)	511
(30) Federation of the German Agricultural Co-operative Societies in Galicia. Reg. co-op. soc. with ltd. liability. Dornfeld.	
(<i>Verband deutschen landwirtschaftlicher Genossenschaften in Galizien, v. G. b. H. in Dornfeld</i>)	26
Total	8,701

Ninety-one of these co-operative societies have been expelled from the Federations, so that, at the end of 1911, the societies belonging to organizations affiliated to the General Federation of agricultural co-operative societies of Austria numbered 8,610 (1).

(1) It should be noted that some co-operative societies belong simultaneously to two organizations, for instance, to a Federation and to a Central Bank.

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2. — **Training Class for Inspectors.** — The General Federation of agricultural co-operative societies of Austria organized this year, for the first time, a training class for inspectors of co-operative societies. This first experiment was crowned with complete success. Nineteen inspectors, belonging to the several nationalities, attended, and at the end of the course they passed the final examination with excellent results.

The success of this class is due to the fact that it was only attended by persons having a sound preparation for the work and at least two years experience in a co-operative institution.

All this tends to improve and perfect the work of inspection.

The Federation purposes to convoke in July of this year a conference of inspectors at Vienna for the discussion of the more important questions connected with the inspection of co-operative societies.

(Summarised from the *Oesterreichische landwirtschaftliche Genossenschaftspresse*, Nos. 206 and 212, 1912).

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3. — **The Central Federation of the German Agricultural Co-operative Societies of Bohemia**, (*Zentralverband der deutschen landwirtschaftlichen Genossenschaften Böhmens*) aims at promoting the prosperity of the rural population by means of suitable institutions.

As old-age insurance plays an important part in improving the economic status of the peasantry, the Federation seeks to promote the spread of this form of thrift. It began by spreading amongst the peasantry a knowledge of the value of old age insurance by means of verbal and printed propaganda, supplying information and giving instructions on this subject to its own employees and to those of the affiliated co-operative societies.

An institution exists in Bohemia known as the "Francis Joseph I Provincial Insurance Fund" (*Kaiser Franz Josef I. Landesversicherungsfonds*) for old age pensions for the peasantry. The Federation has induced the Raiffeisen Banks to act as agents for this provincial Insurance Fund, and at the end of 1911, 1,239 of these banks undertook to act as agencies for the insurance of peasants against old age.

The Provincial Administration makes an initial grant for each insured person, which is successively increased by the payments made by the policy holders.

In 1911, 792 of these insurance policies were taken out through the agency of the Raiffeisen banks.

(Summarised from the *Landwirtschaftliches Genossenschaftsblatt für Deutschböhmen*, No. 3, 1912).

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4. — **The Central Bank of the Raiffeisen Associations of German Tyrol** (*Zentralkasse der Raiffeisenvereine Deutschtirols*) recently held a special general meeting at Bolzano to amend its bye-laws. The proposals made by the presidential bureau were approved.

Henceforward the Bank will be known as the *Federation of the Raiffeisen Banks and of the Agricultural Co-operative Societies of German Tyrol* (*Verband der Raiffeisenvereine und landwirtschaftlichen Genossenschaften Deutsch-Tirols*); and as such it will extend its work to the purchase and sale of agricultural requisites and to the sale of farm products, whilst still continuing to exercise its functions as a Central Bank.

At present there is a rupture between the agricultural co-operative societies of the Tyrol, and one section wishes to form a new Federation for inspectorship and a separate Central Bank, which would break up the unity of the economic organization of the agriculturists of the German Tyrol.

(Summarised from the *Landwirtschaftliches Genossenschaftsblatt für Deutsch-Tyrol*, Nos. 2 & 5, 1912 and *Oesterreichische landwirtschaftliche Genossenschaftspresse*, No. 210, 1912)

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5. — **The Federation of the Czech Agricultural Co-operative Societies of the Duchy of Silesia.** (*Jednota českých hospodářských společenstev ve vévodství Slezském v Opave*) recently published its annual Report from which we take the following data.

At the end of 1911, 109 co-operative societies were affiliated to the Federation, as follows: 66 Raiffeisen banks, 10 Schulze-Delitzsch banks, 3 co-operative dairies, 1 co-operative distillery, 1 co-operative association for the purchase and use of machinery, 1 co-operative warehouse, 20 co-operative societies for purchase and sale, 2 co-operative grazing societies, 1 co-operative society for the sale of live-stock, 3 co-operative building societies.

Besides these co-operative societies, 41 individual members were affiliated to the Federation. The dues paid in amounted to 88,010 crowns, as compared with 53,700 crowns for the previous year, the increase being due to the fact that the quota was raised from 20 to 50 crowns per unit.

The Federation devoted special attention to inspecting the affiliated co-operative societies, 52 being inspected during the year; besides which the Federation carried out three general inspections.

One branch of the Federation acts as a Central Bank. The following table shows its financial status :

	End of 1909 Crowns	End of 1910 Crowns
(1) Deposits	711,722	843,114
(2) Loans	1,094,024	1,353,700
(3) Bills and acceptances		85,900
	(in 1910)	(in 1911)
(4) Turnover	11,896,298	14,785,072

The Federation paid interest on the deposits of the co-operative societies at the rate of $4\frac{1}{8}\%$ in general, and $4\frac{1}{4}\%$ on deposits made for at least 3 months.

This organization also purchases goods for the affiliated societies. In 1911 it purchased 667 car-loads of coal and 119 car-loads of chemical manures, for a total of crowns 201,954.

Its balance-sheet closed with a net profit of 4,842 crowns.

(Summarised from the Report for 1911 of the *Jednota českých hospodářských společenstev ve vedovství Slezskem v Opave*, Troppau, 1912).

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6. — **The Federation of the Agricultural Co-operative Societies of Styria.** (*Verband der landwirtschaftlichen Genossenschaften in Steiermark*) in execution of a decision of its presidential bureau, has organized an *Office for the legal protection* of affiliated co-operative societies and their members, which began work in January, 1912. It satisfies a need felt by the agricultural population, which had frequently expressed the wish that an organization for the legal protection of its interests should be formed.

The purpose of the new institution is to supply information and advice, free of charge, on all legal matters involving the affiliated co-operative societies and their members, law-suits, disputes with public administrations, etc., on condition that expenses be repaid.

An expert lawyer, well acquainted with the laws on co-operation, is the Director of this Office.

(Summarised from the *Oesterreichische landwirtschaftliche Genossenschaftspresse* No. 202, 1911).

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7. — **A New Central Co-operative Bank** is being opened at Bukovina, the Ministry of the Interior and the Ministry of Finance having

approved the foundation of a "Central Bank of Co-operative Societies Limited by Shares" with headquarters at Czernowitz. The share capital amounts to 1,000,000 crowns divided into 2,500 shares of 400 crowns each, and may be increased to 2,000,000 crowns.

(Sumarised from the *Oesterreichische landwirtschaftliche Genossenschaftspresse* No. 212, 1912).

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8. — **The Dairy of Lower Austria with Head-quarters in Vienna, (*Niederösterreichische Molkerei*)**, a registered co-operative society with limited liability, has as members 131 co-operative dairies, which supplied it, in 1911, with 26,411,311 litres of milk, or an average of 72,360 litres a day. It produced 66,683 kgs. of butter and purchased 187,928 kgs., showing an increase of 53,000 kgs. of butter as compared to the previous year, and of 2 million litres of milk.

The co-operative societies which supplied the milk were paid 21.62 hellers (centimes) per litre, delivered carriage free to Vienna, that is to say, 1.12 hellers more than the previous year.

The business turn-over amounted to 7,752,324 crowns (in 1910 6,744,995 crowns). The working expenses amounted to 4.066 hellers per litre (in 1910, 3.755 helers).

(Sumarised from the *Wiener landwirtschaftliche Zeitung*, No. 4,730, 1911).

(B) LARGE AGRICULTURAL ASSOCIATIONS.

1. — **The Superior Council of Agriculture (*Landwirtschaftsrat*)**, held its annual assembly on 30th-31st May ult., with the following agenda :

I. *Plenary Assembly.*

- (1) Election of the President of the "Agricultural" Section.
- (2) Supplementary elections for the Permanent Committee.
- (3) Communications on future political and economic action, in view of the renewal of the commercial treaties.
- (4) Report on the enquiry into bonds (*cartelli*).
- (5) Report on legislative measures regulating agricultural labour contracts.
- (6) Report on the bill introduced into the Chamber of Deputies on legislative measures to be enacted regulating agricultural child labour.
- (7) Report on the present status of the initiative in favour of the redemption of mortgage indebtedness.
- (8) Report on the reform of mining laws.

(9) Opinion on the measures to be taken against injury to agriculture caused by the pollution of rivers etc., and by dust and smoke (appointment of a committee).

II. *Agricultural Section.*

(1) Communication on the work begun to favour the breeding and sale of cattle in accordance with the Act of Dec. 30, 1909, (See Bulletin, Year I, No. 1 page, 168 et seq. and Bulletin, year III No. VII, p. 3 et seqq.).

(2) Communications on the supply of agricultural products to the army.

(3) Report of the Permanent Committee Debates on the measures to be taken in view of the scarcity of meat.

(4) Opinion on the proposal to have an enquiry made for the purpose of regulating the question of subventions (Appointment of a Committee).

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This year's session was opened by the Chief of Section, Dr. Ertl, who took the Chair and delivered an important inaugural address, stating what had been done by the Ministry of Agriculture to carry out the resolutions passed by the Council at its previous session. We here summarise the more important parts of this speech.

With regard to agricultural apprentices (*landwirtschaftliche Lehrlinge*) he said that the agrarian corporations had been invited to express their opinion and to draw up proposals on this point. So far, however, very few answers have been received.

On the matter of opening agricultural finishing schools and winter schools it should be noted that the Ministry of Agriculture has been actively attending to this matter for years past. 88 winter schools already exist in Austria, and are nearly all subsidised by the Ministry of Agriculture. Still, enough has not yet been done in this field, and the Ministry is willing to give its favourable attention to all new schemes for winter schools. The Agricultural Finishing Schools come within the jurisdiction of the Ministry of Public Instruction, which will act in this matter in concert with the Ministry of Agriculture.

The resolution passed by the Council of Agriculture calling on the Ministry of Agriculture to develop agricultural training in the army has been acted on, and during the winter, 1910-11, twenty courses were held.

The proposals of the Council for lowering the railway rates for the carriage of fruit, vegetables and plants were warmly supported and urged on the Ministry of Railways.

The Ministry of Agriculture has taken steps to favour the foundation of a large association for the sale of fruit and vegetables.

It has also taken steps with the Ministry of Railways to secure detailed statistics of railway traffic, and has been informed that the preparatory studies required for this purpose have already been made.

To favour the sale of artificial manures at a low price the federations of co-operative societies have received considerable subventions, amounting to 127,000 crowns. The purchase of farm requisites will only be placed on a rational basis when a strong commercial company shall be formed to supply the same to all the Federations of co-operative societies. Studies are being made with this end in view.

With reference to steps taken to promote stock-breeding and organize the sale of cattle, the Committee of the Council has worked unceasingly and with the utmost activity.

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Dr. Seidler then spoke in detail on the work done by the Ministry of Agriculture to prepare the data on the political and economic action which that Ministry purposes to take in view of the renewal of the commercial treaties.

The debate continued on the several points on the agenda above quoted. We shall return later on to the different questions dealt with.

(Summarised from the *Oesterreichische Agrarzeitung*, No 23 1912 and *Wiener landwirtschaftliche Zeitung* No. 4,741, 1912).

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2. — **The Provincial Council of Agriculture of Carinthia** at its last General Assembly dealt with several questions bearing on rural labour. One of the proposals submitted treated of dwellings for rural labourers, and urged the Council to come to an understanding with the Government and the Provincial Councils with a view to making appropriations on the budget for granting large subsidies to promote the building of cottages. It called for the following grants: (1) subsidy for the building of dwellings for farm servants (*Gesinde*); (2) loans free of interest for the erection of cottages with garden, for labourers' families; (3) formation of homesteads on the *Rentengüter* plan, under which payment is made by yearly instalments. (See Bulletin, Year I, N° I. pag 169).

The proposal was referred back to the Permanent Committee.

(Summarised from the *Oesterreichische Agrarzeitung*, No. 18, 1912).

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3. — **The I. R. Society of Agriculture of Vienna and its Work in 1911.** This society (*K. K. Landwirtschafts-Gesellschaft in Wien*), as now organized, besides being the central nucleus of the agrarian associations

of Lower Austria, acts as a directing body for the whole movement for agricultural association throughout Austria.

Its influence therefore spreads beyond the boundaries of the Province in which it has its headquarters. This makes its work of all the more interest to us. (See Bulletin, Year I, No 3 pp 30. 31).

(1) The *First Section* (agriculture in general, agrarian policy, legislation) dealt more especially with the revision of the civil code, stating its attitude towards the scheme worked out by the Juridical Committee of the Upper Chamber. It also examined other legislative measures affecting agriculture.

(2) The *Second Section* (viticulture and wine-making) examined the bill which proposes to impose special taxes on the wine-trade, and organized many meetings of persons interested in all wine-growing sections of the country. It handed into the Ministry of Finance a petition embodying the wishes of the wine-growers.

It also studied the question of compulsory insurance against hail.

(3) The *Third Section* (milk industry) perfected the organization of the Office for the Sale of Milk, of which we speak further on, and developed the activity of the labour exchange for stable-men, cattle-men, etc.

(4) The *Fourth Section* (stock-breeding) organized a conference on the intensive cultivation of grazing lands, followed by a debate during which several instances were quoted showing the high yield obtainable from grazing lands intensively cultivated.

This section also completed the preparatory work for an exhibition of thoroughbred and milk producing cattle, to be held this year in Vienna.

(5) The *Fifth Section* (poultry-breeding) organized several co-operative societies for the sale of eggs, and dealt with various matters of importance to poultry breeders.

(6) The *Sixth Section* (horse-breeding) and the *Seventh Section* (rabbit-breeding) displayed similar activity in their respective spheres. The latter carried on an active propaganda to make known the economic importance of rabbit-breeding, both for the meat and fur.

The Society of Agriculture of Vienna convoked a Conference of the Presidents of the Provincial Councils of Agriculture and of the Societies of Agriculture for its 3rd. session. This body, as is known, has arisen thanks to the initiative of the *K. K. Landwirtschafts-Gesellschaft in Wien*. (See Page 25).

We will now deal with the work done by the several Offices of this Society.

(1) The *Information Bureau on Agrarian Questions* gave 320 written replies to enquiries on agricultural technique and on organization, besides much verbal information. It also gave information and delivered opinions to several Ministries, Agricultural Societies, Chambers of Commerce, Consulates, etc.

The organization of this Bureau is constantly improving, and it will soon be in a position to undertake more important work, and to send, when needful, its own functionaries to given localities, etc. Later on it will also advise on legal matters.

(2) The *Bureau of agricultural Book-keeping and Accounts* was opened in 1909 to organize agricultural book-keeping. It carries on an active propaganda for this purpose. So far, 12 farming businesses, comprising in all 3,000 ha. of land, have opened books.

(3) The *Bureau of information on Railway Tariff questions*, likewise opened in 1909, examines the claims which those concerned wish to submit to the authorities on account of mistaken application of railway tariffs etc. Its activity and value is clearly shown by the following data :

Year	No. of enquiries	No. of way-bills examined	Amount of excess charge made and repaid to applicants crowns.
1909	65	2,007	154.91
1910	108	2,779	1,545.65
1911	305	4,311	2,654.67

4) The *Agricultural Labour Exchange* was opened in 1910 with the approval of the I. R. Ministry of Agriculture. Its purpose is, (1) to organize proper statistics of the Austrian labour-market with special regard to agriculture ; (2) to regulate the demand for labour so as to clearly determine the nature, quality, and category of each request ; (3) to prepare returns on the supply of agricultural labour in those sections of the Empire which export labour ; (4) to act as an exchange, so as to bring together demand and supply and diminish the effects of rural depopulation ; (5) to induce the Government and competent authorities to regulate the labour-market by means of legislation and decrees promulgated by the executive power, as, for instance, (a) laws and ordinances on emigration ; (b) restriction of the work of emigration agents ; (c) ordinances to regulate agricultural labour contracts in accordance with modern exigencies ; (d) measures to favour inland colonisation ; (e) subsidies and other assistance to lessen the expense incident on rural labour exchanges.

Although this Bureau has only been opened a short time, it has already placed a large number of persons, and farmers in want of labour apply to it in great numbers.

In August, 1911, it organized a journey of investigation into Hungary, Bukovina and Galicia, to study the labour-market there from the agricultural stand-point.

(5) The *Labour Exchange for Stable-men*, placed in

1907	. . . . .	96	men
1908	. . . . .	384	„
1909	. . . . .	468	„
1910	. . . . .	588	„
1911	. . . . .	759	„

(6) The *Bureau for the Sale of Milk* offers its services to facilitate the stipulation of contracts for the supply and sale of milk. In 1911 it procured the sale of 200,000 litres of milk per day, out of a daily consumption of 870,000 litres, which is the amount required for Vienna. These contracts were drawn up in accordance with the terms of the new model contract, which is decidedly advantageous to the producers, who receive 22, and even 23 and 24 centimes per litre.

(7) The *Artificial Forage Factory at Bruch d. L.*, (see Bulletin, Year I, No. 3 p. 31) and its selling agency are busy. The demand of the farmers for this forage is noteworthy.

(8) The *Bureau for the Sale of Sugar-Beets* succeeded, after lengthy negotiations, in obtaining the consent of beet-growers and sugar-refiners to a new model contract which tends to eliminate possible causes of dispute between the two parties. Another institution promoted by the I. & R. Society of Agriculture in this field is the Board of Arbitration to decide disputes arising from failure to fulfil contracts for the supply of sugar-beets.

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The Society of Agriculture has, lastly, formed a Committee which is working to establish a permanent market in Vienna for thorough-bred cattle and milch-cows.

(Summarised from the *Landwirtschaftliche Zeitschrift*, N° 1, 1912).

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4. — The Conference of the Presidents of the Provincial Councils of Agriculture and of the Agricultural Societies. (*Präsidentenkonferenz der Landeskulturräte und Landwirtschaftsgesellschaften*), held its third session at Vienna at the end of 1911. Representatives of the Ministry of Agriculture, amongst them Dr. Ertl and Dr. Seidler, were also present. The former greeted the meeting on behalf of the Minister, stating that the Ministry of

Agriculture was happy to take part in the discussions of the Conference, which aims at the prosperity of Agriculture.

Some of the more important provincial agrarian corporations submitted notable proposals which were fully discussed. The proposals, in the order in which they appeared on the agenda, are :

(a) Proposals made by the I. & R. Society of Agriculture of Salzburg (*K. K. Landwirtschaftsgesellschaft in Salzburg*).

(1) to place at the service of agrarian corporations all the subsidies that the State appropriates on its budget for purposes within the purview of their work.

(2) To regulate the appointment of Reporters to the Ministry of Agriculture from a territorial standpoint, so that each province shall have its reporter.

(b) Proposal of the Provincial Agricultural Council of Tyrol, section of Innsbruck.

(3) Reorganization of the administrative service in regard to its functions in connection with State action for the promotion of agriculture.

(4) Control of infectious vaginal catarrh of cattle.

(c) Proposals of the German Section of the Provincial Agricultural Council of Bohemia.

(5) Attitude of the agrarian organizations in view of the antiagrarian agitation, due to the high cost of living.

(6) Measures to prevent the pollution of rivers, etc., to the detriment of agriculture, and to control the injury done to agriculture and silviculture by dust and smoke.

(d) Proposals of the German Agricultural Society of Moravia.

(7) Preparation of a systematic programme, based on uniform lines, for the development of agriculture, in connection with provincial agrarian corporations

(8) Organization of Offices for Agricultural Book-keeping (*Buchstellen*) to determine the income obtained from farms. (1)

(9) Foundation of a common organ of publicity for the provincial agrarian corporations.

(e) Proposals of the I. & R. Society of Agriculture of Vienna.

(10) Report on the deliberations taken with reference to the organization of agricultural shows in accordance with a plan drawn up on uniform lines, and proposal to elect a Permanent Committee for this purpose.

(From *Oesterreichische Agrar-Zeitung*, No 51, 1911, and *Wiener landwirtschaftliche Zeitung*, No 4695, 1911).

(Summarised from *Oesterreichische Agrar-Zeitung*, No. 51, 1911, and *Wiener landwirtschaftliche Zeitung*, No. 4,695, 1911).

(1) The enquiries into the income derived from farms are of great importance in the study of the economic conditions of agriculture, from the point of view of commercial policy.

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5. — **The Central Austrian Society for the Protection of the Interests of Agriculture and Silviculture in the Drafting of Commercial Treaties** (*Oesterreichische Zentralstelle zur Wahrung der land- und forstwirtschaftlichen Interessen beim Abschlusse von Handelsverträgen*) held its general assembly at the end of last April at Vienna. Chev. de Hohenblum presented a report on the work accomplished by the Society during 1911.

As is known (See Bulletin, Year I, No 3, pag. 33) this organization is avowedly political in its aims, and takes every care to protect the interests of agriculturists against the attacks made on them by other organized groups of interests.

The Reporter pointed out that the *Zentralstelle* continues to pursue its programme, which consists in supporting a policy in accordance with the requirements of agriculturists and silviculturists, defending their interests in the matter of customs tariffs and commercial policy.

The Assembly passed several resolutions calling, amongst other things, for lower railway rates for the carriage of fruit and vegetables, and that the *Zentralstelle* be represented, on all advisory bodies having official status, (such as the Superior Council of Agriculture, the Superior Council of Labour, etc.) in accordance with its importance.

It also approved the proposal to form a section of the Society for questions concerning forestry, the production of milk, and hops.

The *Zentralstelle* took part last year, by means of declarations, protests, conferences, etc., in all the problems connected with agriculture and silviculture, in support of the agrarian standpoint.

(Summarised from *Forst-und Jagd-Zeitung*, No 19, 1912, and *Oesterreichische landwirtschaftliche Genossenschaftspresse*. No 211, 1912).

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6. — **The Fifth Meeting of Agriculturists**, held this year at Brünn, was very important. It was attended by the most prominent persons in the agricultural world in Austria, amongst them a representative of the Ministry of Agriculture, the Chief of Section, Dr. Seidler.

First of all the General Assembly of the Organization of the German Agriculturists of Moravia, with 12,144 members, was held. Dr. Damm, a member of parliament, submitted a report on the tariff in its relation to agriculture, and Chev. de Hohenblum dealt with current questions of importance to agriculturists (reform of the law on riparian rights, social insurance, etc.).

On the following day the General Assembly of the German Society of Agriculture of Moravia was held, followed by an ample debate on several

technical and economic problems connected with agriculture, such as (1) the yield of grazing lands in Moravia, (2) the cost of production of agricultural products, (3) the influence of duties on the income derived from farms, (4) the supply of meat to large cities.

One of the most important points discussed was the redrafting of the commercial treaties which expire in 1917. Dr. Seidler pointed out the value and advisability of timely and objective economical-statistical returns, which could be used as a basis for determining correctly the income derived from agriculture, in its bearing on the customs régime.

Another important meeting of agriculturists, of a distinctly political character, was held at Podersam in Bohemia. Over 700 persons were present and several resolutions were passed from the agrarian standpoint on the principal questions brought forward.

(Summarised from the *Oesterreichische Agrar-Zeitung*, N^o. 13, 1912, and *Der deutsche Landwirt*, N^o. 7, 1912).

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7. — **First Austrian Commercial Association of Agriculturists.** (*Erster oesterreichische kaufmännischer Verein der Landwirte*). — Last March, at Teplitz, Count Dr. Eugene Ledebur being in the chair, the constituent assembly of this association met. Its purpose is to promote the economic organization of farm and forest enterprises and their allied industries, thus promoting the commercial development of agriculture. For this purpose the association proposes to publish and distribute periodically bulletins containing compilations made from data supplied by members. This publication will embrace a service on meteorology, condition of growing crops, prices obtained by members for their products, opinions on the market situation for agricultural products, and other articles of interest to agricultural and forestry producers.

Besides this the association will organize meetings of members in the towns and principal market centres.

The young association, founded with 38 members, elected Count Ledebur as President. Its headquarters are at Teplitz-Schönau.

(Summarised from the *Landwirtschaftliches Genossenschaftsblatt für Deutschböhmen*, No. 8, 1912).

2. Miscellaneous Information.

1. — A Conference of Delegates of the Co-operative Dairies of Galicia met recently at Rzeszow to discuss some questions of importance to milk producers. The main point brought up was the need of promoting the formation of co-operative societies for insuring cattle, and to work actively towards this end. It was pointed out that Galician breeders are subject to truly enormous losses, for, as the latest cattle census shows that there are in Galicia 2,505,079 head of cattle valued at 501,015,800 crowns (see Bulletin, pag. 9), and as the annual loss due to death, etc., amounts to about 2.5 %, breeders suffer a total loss of about 13,000,000 crowns.

The meeting passed a resolution calling on the Provincial Board to take the necessary steps to initiate the work of propaganda and preparation for the organization of cattle — insurance. It also passed a resolution expressing the wish that a co-operative insurance society be authorised to begin work when it has insured a minimum of 50 head of cattle.

Dr. Ryłski made an interesting report on the value of fattening pigs in conjunction with co-operative dairies, as by this means the bye-products of milk can be utilised. This is being done by the co-operative dairy of Luzna, which has been granted a subsidy of 20,000 crowns by the State for the purchase of 20 or 30 thorough-bred hogs.

(Summarised from the *Oesterreichische landwirtschaftliche Genossenschaftspress*, No. 208, 1912).

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2. — The Co-operative Dairy of Bach affords a striking instance of the profits which members derive from preparing their own products on a co-operative basis. The data given below show clearly the difference between the prices secured by the co-operative association and those obtained by other dairies in the same district.

The Co-operative Society of Bach prepared in

Litres of Milk		Obtained for each 1,000 litres of milk treated	Other dairies obtained for each 1,000 litres of milk treated
		— crowns	— crowns
1904-05	102,267	130	104
1905-06	116,976	140	118
1906-07	140,054	140	128
1907-08	131,364	119	114
1908-09	135,539	127	113
1909-10	142,747	146	134
1910-11	134,610	166	134

These figures show that the co-operative dairy of Bach has secured for its members 12,500 crowns more than they would have obtained had they sold the milk raw, taking into account the prices secured by the other co-operative dairies of the district.

(Sumarised from the *Oesterreichische Agrar-Zeitung*, N° 13, 1912).

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3. — **The First Agricultural Co-operative Building Society** was recently organized at Nieder-Ehrenberg, in Bohemia, on a co-operative basis with limited liability. The value of each share is fixed at 50 crowns. It numbers 24 members with 30 shares. The association has decided to purchase a large piece of ground on which it will erect 12 dwelling houses.

(Sumarised from the *Oesterreichische landwirtschaftliche Genossenschaftspresse*, N° 202, 1911).

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4. — **Co-operative Societies for the Production of Electric Energy** are one of the most recent and interesting developments of agricultural co-operation. There are many of them in Bohemia where there existed, in 1911, eleven co-operative electrical work-shops, with a plant worth 730,000 crowns; twelve with a plant worth 33,800 crowns.

The Provincial Diet warmly supports the co-operative movement in this field. The Provincial Board recently examined 16 proposals for such work-shops, submitted for its approval. Only four were however approved, and the cost of installing them will amount to about 1,199,500 crowns; the remaining proposals were rejected in view of the inadequate or negative returns they would have obtained.

The Provincial Diet grants, within the limits of its budget, subventions to these co-operative societies.

(Sumarised from the *Bericht vom 29 April, 1911, über die Förderung von genossenschaftlichen Unternehmungen, welche die Hebung der Landwirtschaft bezwecken, erstattet an den Landtag von dem Landesausschusse des Königreichs Böhmen*. Prague, 1912.

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5. — Amongst the **Agricultural Co-operative Societies Recently Founded or in Course of Foundation**, the societies for the breeding of brown-coated cattle at Gerersdorf and at Pyhra are worthy of notice; also the co-operative societies for the breeding of spotted-coated cattle at Petronell, Rohrau, and Kirschlag in Lower Austria; a co-operative society for breeding bulls at Briesen in Moravia; one for cattle-breeding in the district of Irdning, in Styria; one for breeding

Norican horses at Friedau in Styria; one for fattening and selling pigs at Troppau in Silesia; co-operative societies for breeding and selling pigs at Zbeschitz in Bohemia and at Raab in Upper Austria; co-operative societies for the sale of cattle at Pocklamarkt in Upper Austria; at Lebring in Styria, and at Lypyziadoliszna in Galicia; the co-operative dairies at Gannersdorf, Unterrohrbach, Bogenneusiedl, Hagendorf, Stupfling, Markt Stillfried, Hasendorf, Ottental and Kottingneusiedl, in Lower Austria; of Seifersdorf, Wallern, Kosoritz, Liebnitz and Neustadt in Bohemia; the co-operative grazing societies of Steinakischen a. Forst, St. Oswald and Vorchdorf, in Upper Austria; the co-operative winery of Tomai in Istria; the agricultural co-operative society for the preparation and sale of the products of the soil of Brendeis s. E.; the co-operative warehouse and bakery at Boskow; the co-operative society for the sale of milk products, grain, and eggs at Kunzendorf; the agricultural co-operative society for the sale of milk and other products at Kolin; the co-operative society for the production of electric power at Bullendorf; the co-operative society for the purchase of machinery and the introduction of electric energy in farming and small industries, at Königgrätz; and a co-operative brewing society at Hostau in Bohemia.

The foundation of a large number of new Raiffeisen Banks in Bohemia and Moravia is also reported.

(Summarised from the *Wiener landwirtschaftliche Zeitung* nos 4,726 and 4,738, 1912).

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6. — **Austrian Union for the Defence of Hunting and Shooting Interests** (*Zentralstelle zur Wahrung jagdlicher Interessen*). — A bill has recently been presented in the Diet of Lower Austria considerably amending the Game Law now in force in that province.

Owners of game preserves, professional hunters, forest cultivators, farmers and others find their interests seriously menaced by this bill. They therefore held a protestation *meeting* at Vienna, on the 18th. February of this year. It was then found that Austria lacked a central organisation of the local hunting and shooting associations and the other associations of those indirectly interested in questions relating to game, such as farmers, forest cultivators, manufacturers (of guns, etc.), dealers in hunting and shooting necessities, etc.

There was, it is true, an *Austrian Hunters' Association*, but it was not really an active body representing the whole population directly or indirectly interested in game. And this Federation has lately been dissolved in order to make room for the new organization in course of formation, of which we shall here speak.

After having shown that the game interests are in no way protected by the law and the Government, the Aulic Councillor Wang, at the above meeting, proposed the foundation of an *organization for the defence of hunting and shooting interests*, a proposal most favourably received.

The work of the new organization would be similar to that of the *Central Union for Protection of Agricultural and Forestry Interests* (see Bulletin, 1st., Year. No. 3. p. 33), that is to say, it would be a central body, which, attentively following the facts and problems connected with game, would, when required, take the necessary steps to promote an effectual action in favour of the hunting and shooting interests, understood in their widest sense. It must therefore unite all the associations and corporations whose interests are bound up with those of the hunters and shooters and owners of game preserves; the agricultural, industrial and commercial corporations would consequently join of themselves.

To realise the plan, a working committee was formed, and it has made appeal to the associations and corporations concerned, inviting their adherence to the new *Zentralstelle*. According to the programme of this Committee, the Austrian Union for the Protection of the Interests of Hunters and Shooters would work as follows:

- (1) collecting and studying from the statistical and economical point of view all material relating to questions of game;
- (2) formulating, in accordance with these studies, the desires and requirements of the circles concerned and at the right time assuming a resolute action with regard to the measures relating to game, emanating from the legislative and governing bodies;
- (3) harmonising the interests of the hunters and shooters with those of agriculture and forestry, in concert with the agricultural corporations;
- (4) making propaganda, oral and in writing, to show the economic importance of game;
- (5) awaking humane sentiments among the body of hunters and shooters, and principally contributing to the improvement of the conditions of professional hunters.

To answer the requirements of such an undertaking, the *Union for the Defence of Hunting and Shooting Interests* would have to be subdivided into sections.

The corporations interested adhering would be effective members of the Union.

The Union would derive its financial resources from the members' subscriptions, from subventions and donations.

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7. — **A Council of Silviculture in Bohemia.** At the seat of the Provincial Council of Agriculture at Prague the members of the forestry associations of Bohemia convened to discuss means to strengthen the bonds which unite them.

After a lengthy debate it was unanimously decided to approve the proposal to form a Council of Silviculture (*Forstwirtschaftsrat*) consisting of delegates from the several associations.

This will be the strongest forestry association in Austria. It will be unofficial in character.

(Summarised from *Forst- und Jagd Zeitung*, N° 1,532 1912).

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8. — **A course of instruction in co-operation** was organized in February and March last by the Ruthenian agricultural society of "Si!skyi Hospodar," on the lines followed by the General Federation of Agricultural Co-operative societies of Austria (See Bulletin Year I, N° I, page 149). The lessons, in the form of lectures, are followed by debates on the subject treated.

(Summarised from the *Oesterreichische landwirtschaftliche Genossenschaftspress*, N° 257, 1912)

CO-OPERATION AND ASSOCIATION

FRANCE.

I. — CURRENT QUESTIONS.

Co-operative Distilleries in the South of France.

Sources :

(a) *Official Publications :*

Report presented to the President of the French Republic by the Minister of Agriculture on the Working of Agricultural Mutual Credit Banks and the Results for 1910. *Journal Officiel*, 2nd September, 1911.

(b) *Other Publications :*

PASQUET: La distillerie coopérative dans le Midi de la France (*Co-operative Distilleries in the South of France*) from "Vie agricole et rurale". Paris, 20th. April, 1912.

BOUFFET: Les sociétés coopératives de distillation dans le Midi. (*Co-operative Societies for Distillation in the South*). Communication presented to the Social Museum) from "Le Musée social. Annales". Paris, January, 1911.

§ 1. *Distillation in the Vine-growing Departments of the South.*

The distilling of wines and the bye-products of the vine has always been one of the most important agricultural industries of the south of France. During a certain period, more especially from 1858 to 1876, this was considered the principal way of utilising the redundant produce of the vintage. It is calculated that in Hérault alone an average of over 200,000

hectolitres of alcohol was annually distilled as compared with 550,000, the total production of all France.

Afterwards, the distillation of wines declined and it ceased altogether owing to the ravages of the phylloxera, never to regain its primitive importance. Then for wine-alcohol was substituted the inferior alcohol of the north. Later, the vineyards were restored, but the industry did not revive, owing to changes in commercial and industrial conditions. In 1908 the general production of wine alcohol was not above 373,000 hectolitres. To make the industry resume its former place, some consider that the wine-growers should be encouraged by prizes for distilling together with differential taxation.

Now for some years, this industry has entered on a new phase ; it has begun to utilise the bye-products of wine making, especially the residue of the pressed grapes, which until recently had been little utilised and sold at a trifling price to distilleries of industrial alcohol.

The quantity of this residue produced in the wine-districts of the south is very great ; the departments of Hérault, Gard, Aude and Eastern Pyrenees furnish from 20 to 25 millions of hectolitres of 1st. grade wine, and from 250,000 to 300,000 tons of residue. The large quantity of residuum throws into the market 120,000 hectolitres of alcohol of 100°, about half of the total produced in the whole wine-growing district.

Although much remains to be done, the progress already made is considerable.

The last discouraging crisis spurred the southern vine-growers to seek all possible profit from the residuum of the grapes by treating for the extraction of alcohol.

The law of 1906 respecting credit in favour of the agrarian co-operative societies for production and sale (1) as well as that of 1907 for the re-establishment of the privileges to the *bouilleurs de cru*, (2) which took effect in 1907, open the way for the foundation of co-operative societies for the distilling of the residue.

(1) See Bulletin of Economic and Social Intelligence, April, 1911, France, p. 207; and January 1912, p. 60.

(2) The expression *bouilleurs de cru* includes all those who distil wines both of 1st and 2nd grade, or cider, or spirits from plums, cherries etc. The distinction must be observed between the *bouilleurs* by profession, and the *bouilleurs de cru*. The first are those who employ machinery kept continually working and capable of distilling in 24 hours more than 200 litres of fermented liquid, or either ordinary or steam worked machinery for more than 5 hectolitres : these *bouilleurs* are only allowed 20 litres for their domestic consumption by the law.

The second class, *bouilleurs de cru*, are those who employ simple appliances and are private persons who distil directly the residue of their new pressed grapes etc. They

§ 2. *Co-operative Distilleries. Their Progress and Results.*

Encouraged by the already mentioned legislation, followed by exemption from all licences, and from the income tax, the vine-growers hastened to unite in co-operative societies. The number of such societies increases every year. The latest official reports on the working of mutual banks for agricultural credit in 1910 show the existence in the south of 6 co-operative distilleries of wines which had obtained loans. Of these banks, 3 are in the department of Aude, and 3 in that of Hérault.

enjoy a *privilege* which has given rise to much discussion, and which dates from the laws of 1806 and 1808, suppressed in 1903, re-enacted by the law of 27th February, 1910, and extended by articles 10-13 of the financial law of 17th. April, 1906. The *bouilleurs de cru* are now dispensed from any preliminary declaration, and enjoy exemption from any tax on production; they may therefore freely consume at home all the alcohol they make, without paying the tax on consumption. Exemption is also permitted if they place this alcohol in cellars or stores apart from the distillery, but they must make a previous declaration to the excise of this transport, and give security. The *bouilleurs de cru* may also put themselves voluntarily under Government control and it is their interest to do this when they habitually sell their products. The tax on sales is 220 francs per hectolitre.

Co-operative Distilleries in the South which obtained Loans during 1910.

Co-operative Distilleries	Date of Foundation	Capital in francs	Number of Members	Loans obtained				Rate of Interest	Regional Banks acting as Intermediaries
				1908	1909	1910	Duration in Years		
Distillery of Bizanet (Aude) . .	25th. May, 1909	23,160	146	—	21,600	24,720	15	2%	South
id. of Fleury d'Aude (id.) .	1st. May, 1910	15,000	64	—	—	21,660	20	"	"
id. of Moussan (id.) . . .	11th. June, 1909	8,250	82	—	—	16,000	10	"	"
id. of Lespignan (Hérault) .	12th. August, 1903	16,300	155	20,000	—	—	12	"	"
id. of Olonzac (id.) . . .	25th. April, 1909	17,480	172	—	26,220	7,000	20	"	"
id. of Poussan (id.) . . .	28th. June, 1909	7,050	153	—	—	14,000	20	"	"

From the above table, we see that, except in one instance, these co-operative societies have all been founded since 1906, that is, after the passing of the law facilitating long credit. Their capital varies between 8,000 francs and 23,000 francs, and the number of members between 82 and 172.

We know that agricultural co-operative societies may obtain loans on favourable conditions to double the amount of their capital: the distilling societies of the south have not failed in availing themselves of this benefit almost to its utmost limits. The duration of the loans may not exceed 25 years, but the term is usually between 10 and 20 years.

Co-operative distilleries, besides increasing profit to a considerable extent, tend to neutralise the evil effects of over-production and those that may arise from natural causes hindering the ripening of the grapes, with the consequent production of inferior wines. Vine-growers find that alcohol is easily kept, not only from its small volume, but also from the fact of its value increasing with age, so that the sale may be delayed until favourable opportunities occur. Thus, from its having such qualities, alcohol is a *warrantable* product, and therefore is an excellent security for credit with the agricultural banks.

As we have already observed, legislative measures have been enacted in various ways favourable to the foundation of these banks, whether by offering them liberal credit or important fiscal facilitations. Every one may hold his privilege of *bouilleur de cru* and may, without any hindrance, take the alcohol from the residue of his pressed grapes, and his wines direct from the distillery. Alcohol extracted from this residue under permanent State control may be put on the market with free trademark and bears the denomination of three-six wine alcohol, or wine brandy, if obtained by distillation of second wines (*piquettes*), produced by treating the residue with water. The following table shows the importance of the wine-made alcohol of the south in comparison with that of all France, together with the total manufacture of alcohol, both industrial and that made from wines.

Years	Production of Alcohol in France, in hectolitres					Total Consumption Declared
	In the South		In France		Total Production of Wine-Alcohol and Industrial Alcohol	
	Wines	Residue	Wines	Residue		
1900	55,381	13,778	149,407	93,460	2,659,000	1,782,900
1901	191,409	10,962	330,966	114,893	2,438,000	1,346,600
1902	32,777	9,486	105,745	80,237	1,887,000	1,258,900
1903	2,236	5,653	30,208	54,903	2,047,000	1,368,900
1904	16,218	20,270	88,756	121,006	2,257,000	1,514,300
1905	101,156	24,316	262,725	141,025	2,609,000	1,381,800
1906	25,825	14,693	234,213	125,065	2,710,000	1,378,200
1907	18,042	22,593	238,877	122,608	2,515,000	1,289,400
1908	54,269	29,001	211,672	161,820	2,558,000	1,339,600
1909	58,353	29,000	219,800	128,200	2,427,000	1,332,006
1910	—	—	70,000	79,000	2,391,000	1,339,034

There are two methods used in treating the residue. It may either be directly distilled, which gives a product with a special flavour, known as residuum-alcohol or residuum-brandy. The other method is to treat the residuum with water and to distil the second wine (*piquettes*), thereby producing a well-flavoured alcohol highly appreciated in the trade and by consumers and called three-six or wine-brandy.

The manufacture of *wine* brandy is more costly, as it requires more complex machinery, but this is more than compensated for by the higher profits.

The following table shows the financial results of the years 1909-10 in some of the co-operativet distilleries of the south :

Locality	Produce Brought in by Members	Weight of the Distilled Residium	Alcohol 3-6 Produced	Cost of Production	Net Profit	Cost of Alcohol per Hectolitre	Profit on every 100 kg. of Residium	Type of Distillery
	Hectolitres	Kg.	Hectolitres	France.	France.	France.	France.	
1909								
Olonzac	78,000	980,000	459.45	8,341.85	24,948.25	19 per hect. 3/6	2.55	Distillation of Piquettes
Bizanet	52,728	583,000	316.44	5,685.57	16,168.78	18.6 "	2.90	"
Lespignan	55,000	580,000	385.00	4,633.55	10,500 —	12 at 52°	1.70	Direct Distillation
1910								
Olonzac	17,450	144,113	68.08	1,252.45	11,391.95	20 at 86°	7.76	Distillation of Piquettes
Bizanet	30,467	478,083	220.26	5,245.00	34,787.60	23.8	7.27	"
Lespignan	35,000	366,600	187.95	6,177.00	24,333.80	13.2	6.63	Direct Distillation
Poussan	79,000	760,000	378.80	8,552.90	24,425.90	22.3	3.21	"
Fleury	18,195	184,965	75.85	2,147.50	9,306.90	28.25	5.05	"
Bassan	40,000	408,000	285.00	3,095.60	9,003.20	11 at 52°	2.20	"

When the alcohol is sold, and the amount of the expenses incurred, the annual interest on the loan and the proportion to be placed to the reserve fund subtracted from the sum received, the remainder is handed over to the members in proportion to the products sent by each.

Amongst the manifold advantages of these associations is that of securing against fraud the members who publicly consign all the residue from their pressed grapes and lees to the distillery. Thus has been solved the much debated question of privilege to the *bouilleurs de cru*. The co-operative society distils the residuum, the merchant buys the alcohol it produces, so the vine-grower, without any trouble, has only, at the end of each season, to pocket profits on which for years he had never counted,

II. — RECENT NEWS.

I. Legislation and State Intervention in Agricultural Organisation.

State Action in the Organisation of Live-stock Improvement Syndicates.

Circulars and Model Rules.

In an article published in the number of this Bulletin for last May we called attention to these societies and to the progress made by them in France, describing the efforts of public bodies and associations during the last few years to diffuse information as to their proceedings. By the last financial law (27th. February, 1912) a sum of 200,000 francs was set apart for distribution among the various syndicates to be spent in prizes and subsidies. The regulation of the 8th. March, 1912, reproduced by us in its fundamental outlines in the article above-mentioned, provides for the employment of this sum.

§ 1. *Circulars.* — Circulars and model rules which may serve as guides in the formation of syndicates have been issued by the Ministry of Agriculture to prefects and departmental professors. The prefects are called upon to give all the support in their power to the movement, and are charged to send to the Department of Instruction and of agricultural affairs, a report on the situation and on the action of the syndicates within their jurisdictions. Henceforth, every December they will receive a special printed list of questions on the subject.

The circular to the departmental professors contains practical rules by which to judge of the desirability of establishing in a given centre a syndicate for the essential purposes proposed.

The circular says, " It is above all necessary to labour for the establishment of syndicates in those districts where the climate, the nature of the soil and the conditions of cultivation are especially propitious for good

bulls ; in short, the centres of the origin of the breed. In such places the syndicate will find all the elements required for attaining perfection in livestock improvement.

According to the law of March 21st., 1884, which deals with livestock improvement, the object of such syndicates should not be pecuniary profit, but the furtherance of their professional interests.

The technical characteristics of the breed to be fostered should be accurately defined under the auspices of the society. The selection of the breed should be made with reference to those already preferred in competitions."

It is desirable that the syndicate should work only within a limited area. The circular calls the attention of persons interested to the amount to be paid in contributions to the society. As a rule the payments for service should be so calculated as to cover almost the whole expenditure of the syndicate. The quota paid by the members should then be reduced to a minimum. Nevertheless, to provide against unfavourable chances, it would be well at the beginning to establish the principle of a supplementary contribution not to exceed a certain fixed sum.

"To avoid loss of capital and to give mutual societies a reliable guarantee, the bulls should always be insured in a mutual cattle insurance society. Besides this, the syndicate should not, without due formalities, obtain any loan from a local agricultural credit bank.

The repayment of a loan should be guaranteed in conformity with the rules of the banks, especially by warranting of the animals purchased, or by the united guarantee of all or a part of the members.

For the syndicate to be entitled to a subsidy from the State, it must previously have received from the General Council a considerable sum as encouragement or reward."

The duty of the departmental professors is to examine requests for subsidies and to give an opinion to the Ministry, as well as to watch over the expenditure of the funds obtained and to check the accounts and the herd books of the society receiving assistance. Special reports should be sent by them to the Ministry.

§ 2. *Model Rules.* — The model rules drawn up by the Ministry differ but slightly from those adopted by the syndicates of Doubs, published by us in an appendix to the article above-mentioned.

We shall therefore confine ourselves to that part which refers to the financial organisation of the societies.

The *income* and the expenditure must be divided into ordinary and extraordinary. The ordinary income is derived from the quota paid by the members, from subsidies from the State, the department and the commune, from payments for service, from the interest of invested funds, and various other sources. The extraordinary income is derived from donations and leg-

acies, from capital borrowed, from the profits of the sale of the bull and from the insurance paid in case of its death.

The ordinary *expenses* are the cost of maintenance of the bull, the interest paid on loans, prizes, insurance premiums, payments from the reserve fund in case of depreciation in the value of the bull, administrative expenses (herd books, advice of experts, the feeding of young animals, inspection of milk, etc.) The extraordinary expenses are the purchase money for the bull and the repayment of the loans.

Besides the members' annual contribution, to be fixed according to circumstances, the State authorises an exceptional supplementary contribution in case of excessive expenses. These may also be provided for by taking a sum from the reserve fund or by raising the cost of service. In any case the supplementary contribution is fixed by the Council, and must not exceed the limit laid down in the rules. The amount of the exceptional contributions may be reimbursed entirely or in part out of the surplus remaining after payment of expenses. The half of this surplus should be used for the above-mentioned payments, and the remainder placed to the reserve fund.

(Summarised from the « *Annales de la Mutualité et de la Coopération Agricoles* ». Paris, May, 1912).

2. The Work of the Federations and of the Central Co-operative Institutions.

1. — **The General Meeting of the National Federation of Mutual and Agricultural Co-operative Societies** (1) was held on the 18th. February last in Paris, under the presidency of Senator Viger. Among the eminent men present was M. Decharme, head of the agricultural credit, co-operation and mutuality section.

The president's speech and the treasurer's report showed that this important association continues to increase and to fulfil its object.

Among the many subjects discussed at this annual meeting, those connected with agricultural co-operative credit (2) attracted the special attention of the members.

1. — *Agricultural Credit.*

In consequence of a report presented by M. Vimeux, secretary of the section of mutual banks, on the subject of long credit, the following resolutions were passed :

1st, that there is urgent need to pass the bill of December 15th., 1912 (3) for giving every facility to long credit by taking the necessary funds from the loan of 40 millions made to the Treasury by the Bank of France :

2nd, that the regional agricultural credit banks should be permitted on the same footing as the land credit societies to receive funds from the National Pension Bank :

3rd, that to agricultural loans on long credit should be applied the system of registration with a tax as adopted in maritime mortgage :

4th, that such loans should enjoy the same privileges as the Land Credit Institute of France, as regards the liquidation of legal mortgages, the suppression of sequestration, the duration of registration etc.

2. — *Agricultural Syndicates.*

In consequence of requests made by various agricultural syndicates, the National Federation has begun to act as intermediary for the joint

(1) See this *Bulletins*, July 1911, p. 31 : Oct. 1911, p. 43.

(2) See *Bulletins*, December 1911, p. 227; April, 1912, p. 85; Jan. 1912, p. 60.

(3) See *Bulletin* of April 1912, p. 41.

purchase of manures. But in order to be able to offer more favourable conditions to the syndicate, it seeks to group together the orders for spring and autumn, and, to accomplish this, the meeting has nominated a technical commission to examine the question, and to present definite proposals to the insurance office.

3. — *Agricultural Co-operative Societies.*

The meeting finally turned to the subjects of co-operative societies, for sales and for raising fruit and vegetables, which, as is well known, have led to good results in the south of France, by their commercial organisation for export and for the division of produce between the home and foreign markets. In the hope of the future establishment of a *Commercial Office*, it was decided to institute, for the moment, an association of directors, administrators and secretaries of co-operative societies for supplying members with information collected by individuals as to openings, markets, customers, etc.

In the congress which the Federation will hold in October, in Paris, an account will be given of the experiments made.

(Summarised from the "Annales de la Mutualité et de la Coopération agricoles. Paris, March, 1912).

* * *

2. — **General Meeting of the Central Dairy Association of the Charentes and Poitou.** — This important association (1) comprising 127 dairies scattered through the district, and including 76,000 members, held its general meeting on the 28th March last at Niort.

In his report on the general working of the association, M. P. Rouvier pointed out its growing importance, but, not being able to give exact details of its labours in 1911, because some dairies had omitted to send in reports, he limited himself to the statement that the past season had been exceptionally favourable to the members in consequence of the rise in the price of milk owing to a sensible diminution of production. The forecast for the current year in view of the effects produced by foot and mouth disease and the continual increase in the consumption of dairy produce, seems no less encouraging.

The speaker, nevertheless, affirmed that even under these circumstances there were menaces for the future, owing to the campaign which interested persons, not in any special manner consumers, have undertaken against the dearness of living, and especially of butter, substi-

(1) See Bulletins of March 1911, p. 103, July, 1911, p. 34. January. 1912, p. 81.

tuting for it all kinds of animal and vegetable products, in appearance cheaper.

In view of this competition, and of the frequency of frauds, against which the Vice-President of the association recently proposed a bill, it is to be feared that the butter of this district will be materially lowered in price.

Of late the society has begun to feel some perturbation on this account, nevertheless the central savings bank can still boast a sum in hand of 56,518 francs, without considering the ice factory at Surgères.

Insurance against accidents to the employés of the dairies continues to show good results ; the members only pay 1 % of their wages. Besides this, the great mutual accident insurance association for dairy employés has made rapid progress. Since August, 1909, the number of members has almost doubled, and they now amount to 9,500. The same may be said of the area insured, which is now 140,130 hectares. Out of a total sum of 64,376 fr. 25, compensation amounting to 47,671 fr. 35 has been paid for 690 accidents, the expenses having risen to 11,704 fr. 08, and the profits amounting to 5,000 francs.

After having pointed out some deficiencies in the method of carriage of butter, the speaker referred to the approaching formation of a *Union of Co-operative Cheese Factories of the Central Association*. This most profitable industry already numbers six co-operative societies within the limits of the association, which manufacture dry cheese. The above-mentioned Union (1) will act at Niort as a Central Co-operative Information Office within the Dairy Association ; its chief object will be to facilitate to the producers the sale of cheese, concentrating the total produce of the united societies in order to sell it under the system of direct excise.

(Summarised from the "Industrie du Beurre", Niort, 31st. March, and 28th. April, 1912).

(1) *The Co-operative Union of Cheese-factories of the Central Association of the Charentes and of Poitou* was founded April 19th., 1912.

3. Miscellaneous Information.

Co-operative Distilleries among the Vine-Growers of Malaville (Charente).

— For ten years the vine-growers of these districts have been united in a syndicate for protection against the lowering of the price of wine and against the exactions of the excise, which tend to assimilate the direct producers of cognac (*bouilleurs de cru*) (1) to professional distillers.

The Syndicate of wine-growers (*bouilleurs de cru*) of the canton of Châteauneuf sur Charente, consisting of twelve communal syndicates, wished to make "True Cognac" known to the public, and accordingly sent to the general agrarian competition in Paris in 1904 specimens of the produce of the distillation of the wines of Charente. The results of the exhibition were excellent; orders were transmitted through the syndicate to the various exhibitors. But sending out the goods demanded new and increased work, which the vine-growers were not in a position to undertake and, as orders increased, it was decided to form a new association for producers of cognac, viz., the *Co-operative of Malquille*.

Its rules are based on Circular No. 32, on mutual credit and agricultural co-operation. This circular is a comment on the law of the 29th December, 1906, on credit on favourable terms to agricultural co-operative societies (2). The company in question has not had recourse to this facilitation of credit.

The produce which it offers for sale is distilled under the control of the excise. Every co-operator sends a certain quantity of cognac, all is mixed together so as to obtain a uniform type, and the profits of the sale are divided among the co-operators, who then make a new consignment of goods.

The society accepts produce only from the district of Cognac *premiers crus* (first quality) and sells it only with the *regional Cognac mark*. Through exemption from licenses and the general small expenses, prices can be kept low, dependent, however, on the cost of the raw material, that is, the wine.

(1) See note 1 on page 36 of the present Bulletin.

(2) See Bulletin of December, 1910, p. 228.

Calculating the average cost of wine at 8° at 20 francs per hectolitre we have the following figures :

Cost of brandy at 60°	150 francs
Cost of distilling	20 „
Casks and storage	12 „
Deduction of 10 % for 5 years	96 „
	<hr/>
that is, after 5 years	278 francs

The price of a hectolitre of cognac thus amounts to 278 francs, exclusive of the general cost of carriage, etc.

(Summarised from the "*Annales de la Mutualité et de la Coopération Agricoles*" April, 1912).

CO-OPERATION AND ASSOCIATION

ITALY.

I. — RECENT NEWS.

I. State Intervention in relation to Agricultural Organization.

I, — Result of the Prize Competition among Associations of Agriculturists for the Sale in Common of their Produce. — As announced, by a royal decree of the 2nd February, 1911, a competition was held among associations of producers for the sale in common of *perishable* agricultural produce, with prizes amounting in all to 8,000 francs. After examination of the papers sent in by the different competitors, the judging commission made the following recommendation to the Minister of Agriculture :

— that the Co-operative Society of Calvenzano and the Co-operative Society for the Exportation of Agricultural Produce of Cesena should each be awarded first prize (1,000 frs.).

— the second prize (500 francs) should be awarded to the Co-operative Society of Fruit and Vegetable Growers of Pedaso and to the Co-operative Society of Market Gardeners of Chivasso :

and the third prize (250 francs) to the Co-operative Society for the Exportation of Agricultural produce of Jesi.

The first of these societies, formed exclusively of peasant farmers, has been twenty-four years in existence and besides its agricultural labours it has established a factory for the preserving of tomatoes.

The second, legally constituted only three years ago, was considered by the judges to be well organised and well managed.

The co-operative societies of Pedaso and Chivasso also received honourable mention ; the one, established seven years ago, has a considerable number of members, and its business transactions amount to from 80,000 to 90,000 francs per annum ; the other, though only founded

two years ago and comprising only forty members, transacts business to the amount of 150,000 francs par annum.

The Commission held that a third prize might well be granted to the Jesi Co-operative Society. The judges recommended that the sum remaining after the distribution of prizes should be reserved for future competitions to encourage co-operation among agricultural producers.

(Summarised from the Report of the Judging Commission in the "Bulletin of the Ministry of Agriculture, Industry and Commerce." Rome, Series A, No. 7. 17th February, 1912).

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2. — **Circulars Addressed by the Ministry of Agriculture to Agricultural Committees and Associations of Sportsmen for the Protection of Game in the Interest of Agricultural Production.** — Nitti, Minister of Agriculture, having had his attention attracted to the unfavourable conditions of game in Italy (1) resulting from well-known abuses of sport, and of their evil effects on agricultural production, recently addressed a circular to associations of sportsmen, promising a pecuniary reward to those who should assist the increase and protection of wild animals. This reward, the amount of which will be fixed from time to time, will be given:

(1) as a contribution to the expenses of breeding and rearing game to those societies which shall have imported animals from abroad *solely for breeding purposes* or shall have raised game *not for sport exclusively enjoyed by their members* on land of their own or of which they have the use, or shall have introduced game on estates in inhabited districts.

(2) as a reward to the Society which during the financial year 1911-12 shall have effectually protected game, whether by its own vigilance or by rewards to public officials appointed for the purpose, for every violation of the law ascertained by them, or by amply and effectually supplying the police with information which may lead to the repression of such violation.

In another circular the same Minister called upon the agrarian commissions appointed to inculcate on the rural population consideration for game, in every way that they may consider desirable.

(Summarised from the Circulars of March 8th. and April 26th., addressed by the Minister of Agriculture, to Agricultural Commissions and to Associations of Sportsmen).

(1) See Bulletin of Social and Economic Intelligence of September 30th., 1911, p. 215, our article on the bill brought before Parliament in the session of February 19th., 1911 by Raineri, Minister of Agriculture, containing provisions for the protection of game.

2. Work of the Federations, of the Central Institutions of Co-operative Societies and of the Larger Agricultural Associations.

1. — The Work of the “Economico-Social Union among Italian Catholics”, in 1911. — In order the better to direct and organise the economico-social movement among Italian Catholics, the directing council of this union decided, towards the close of the year 1910, to proceed to the reform of its regulations, which after due investigation was accomplished in February 1911, on the lines laid down by us in the Bulletin of the following July, p. 75. Of this reform the chief points were :

(1) the institution of four general departments :

- (a) Department of Professional Unions ;
- (b) Department of Agricultural Co-operative Societies and Institutes ;
- (c) Department of Thrift and Mutual Aid Societies ;
- (d) Department of Credit Banks.

These departments were all to be constituted as so many bodies composing the Union, and charged among other duties with the organisation of national federations of societies.(1)

(2) The establishment and regulation of the “diocesan committees” hierarchical links between the local associations and the central authority represented by the Union, each comprising a special “economic section”, which in its turn is divided into groups each having a legal status.

These last should in process of time, call into existence *diocesan federations* destined to become an integral part of the above-mentioned national federations. (2)

It was also decided that the new regulations should come into force on March 1st., 1911. It was therefore necessary in the early part of the year

(1) Some of these had been already constituted in previous years, for instance, the Federation of Rural Savings-banks, Mutual Aid Societies and Agricultural Co-operative Societies. Others will be formed in the future.

(2) It is not difficult to see the benefit which accrues from this new arrangement to the diocesan centres for which the care of the local interests of the various groups of associations will be much facilitated, and to the Bergamo centres, by enabling them better to protect the general interests, and to lay down rules for the guidance of organisations in the more serious questions.

(c) to favour by means of local specialised courses of study, of publications, meetings and congresses, local or general, the increase of professional organisations and to extend their moral, economic and social influence.

(d) to bring about, by all lawful means, the legitimate proportional participation of Catholic Professional Organisations or Federations in the State organisations which represent the various classes of society.

3. — *Board of Management.* — The department is managed by a Board of Management composed of a number of members not exceeding nine.

The right of membership shall be granted to the presidents of the Italian general federations of professional organisations recognised by the Union and forming part of it, as also to the presidents of those which may in future be constituted, recognised and aggregated.

Should the number of Italian general federations exceed nine, the smaller ones shall be grouped, according to affinity, by the board of management of the Union, in agreement with the president of the department.

4. — *The President.* — The members of the board of the department to the number of not less than three, may elect from among themselves the President who will of right be a member of the board of management of the Economico-Social Union. He will hold office for two years.

5. — *Meetings.* — The Board of Management of the department will as a rule meet twice a year. To its meetings the President and the ecclesiastical assistant of the Economico-Social Union shall be invited, but without right to speak or vote.

A majority of the councillors shall form a quorum. The decisions shall be passed by the majority.

Other provisions, omitted for the sake of brevity, concern the official staff; the expenditure of the department and certain temporary regulations.

(Summarised from the « *Azione Sociale* Bulletin of the Economico-Social Union of Italian Catholics, Bergamo. January and February Numbers, 1912).

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2. — **Unsectarian Credit Co-operative Societies of the Province of Girgenti and their Federation in 1911.** In Sicily, as is well known, there are two forms of particularly well managed agricultural co-operative societies, — those for credit and those for collective farming, both subdivided into two groups — the Catholic and the unsectarian. On the 31st of December, 1911, there were 32 unsectarian co-operative credit societies in the Provincial Federation of Girgenti, on which we shall now report, adding some

data on the economic and legal standing of the federated co-operative societies.

(a) *Federation of Co-operative Societies of Girgenti, 31st. December, 1911.* This federation includes 32 distinct co-operative societies, numbering 5,174 members, and having a capital of 13,850,000 francs as calculated by the Bank of Sicily. The total working capital amounted to 1,496,922 francs and the capital invested in credit and commercial enterprise to 1,304,974 francs. There are 27 federated co-operative societies in connection with the Bank of Sicily, as against 9 un-sectarian and 13 Catholic unfederated. The progress made by some of them in the short period of a year, 1910-11 is remarkable. The following table will show what has been done in various places.

Agricultural Banks	Capital increased		Number of Members risen	
—	from	to	from	to
franca	franca			
Grotte	59,088	90,927	154	208
Raffadali	45,684	77,778	193	265
Naro	37,264	64,136	95	111
San Biagio	11,740	31,065	58	183
Campobello	46,175	67,425	185	269
Cattolica	20,794	35,666		
San Giovanni	136,559	184,779		

In Casteltermini, co-operative action is also very promising. In fact, in 1910 there was a single Savings-bank with only 25 members; now they number 236 and another co-operative society has been established which already has 324 members.

(b) *Economic and Legal Organisation of the Federated Societies.* The greater number of these are agricultural co-operative societies of collective title with mixed aims; there were added to these three limited liability and three *commandite* societies. These are agricultural societies, inasmuch as in accordance with their rules they work in the field of agricultural economics, — mixed, because their rules contemplate works of production (laboratories, oil-mills, wine making, farming, etc.); transactions of purchase and sale, distribution etc. However, in practice, operations in connection with production and sales are rare, credit transactions are much more common and, recently, those of purchase and consumption.

The co-operative society of Lucca Sicula possesses and works an oil-factory, whilst those of S. Stefano, Girgenti, and also Lucca, have collective farms.

The character of each society may naturally be ascertained better from its concrete action than from its rules, which are almost the same for them all.

In most cases the general scope, as set forth in the rules, is that of the moral and economic improvement of members, who must be *bona fide* proprietors or cultivators of the ground.

No special political or religious tendencies are advocated, but generally the savings bank societies are composed of anti-clericals and are opposed, even by reason of inevitable competition, to the confessional banks. Yet in the limited liability co-operative societies of Lucca and Sciacca there is a political tendency perceptible in their rules. In those of Sciacca, the agriculturist is required to be *bona fide* and to be enrolled in the Defence League, while those of Lucca aim at the promotion of political education, impose the obligation of solidarity among members, and prohibition to cultivate land outside the area of the Society without its permission. The other limited liability Society — that of Favara — is of the ordinary type.

In general, the sphere of a co-operative society is confined to its own commune; sometimes it extends to those adjacent.

Members usually pay an entrance fee of from one to ten francs, with a possible annual or monthly tax fixed by the board of management which, however, is never exacted. There are savings-banks in which members take small shares (often ten francs) paid for in instalments. Thus the formation of a common fund — *share capital*, is provided for, though much larger revenue, to render extended transactions possible to the society, may be obtained by means of the unlimited liability of members.

A third part of the profits in some co-operative societies is set aside for the reserve fund, a third for dividends to members on the paid up shares (*quotes parts*), and a third for the board of management: in other societies the third, instead of being given to the board, is halved and one half is divided amongst the employés and the other half spent in the purchase of rural machinery and implements; in some other societies where the profits are small, a fifth part is assigned to the ordinary reserve fund, and four-fifths to an extraordinary reserve fund for the assistance of members incapacitated for work. In other cases again, the total profits go to augment the share capital until the society is able to carry on its work entirely by its own resources; then the profits are employed for the common benefit. In the *commandite* societies of Joppolo and Raffadali, 50 % of the profits, less the dividends to share-holders, go to a fund for helping members incapacitated for work, the rest goes to the reserve fund. In limited liability societies interest not above 5 % is paid to holders of ten franc shares, the rest goes to the reserve fund, to benevolent purposes or to the formation of special funds. But in this case the chief aim is to obtain credit on favourable conditions rather than the payment of dividends.

Generally, the capital is declared indivisible and in case of the liquidation of a society it may be deposited to form a new society of similar

character, but the profits made must be given to the Congregation of Charity to be applied to some benevolent purpose. In the two *commandite* societies of Raffadali and Joppolo in case of their being dissolved, the capital is to be returned to the shareholders in proportion to the nominal value of their shares, and the remainder to be given to some object of public utility. In the limited liability co-operative society of Sciacca, in case of liquidation half the capital is to be divided amongst the shareholders in proportion to their paid up shares, the other half to be devoted to a new similar society, which may eventually be founded in the same commune. Such is the economic and legal structure of the societies, on the improvement and perfection of which the Federation of which we have spoken bestows every care and attention.

(Summarised from the Report of the General Secretary of the Federation to the General Assembly of Members in March 1912), published in "La Cooperazione", Girgenti, No. 3, 12th. April, 1912).

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3. — **Work of the Agricultural Society of Lombardy in 1911.** — It will be seen from the report of the President, Prof. Vittorio Alpe at the general meeting of members recently held in Milan that this important Society in 1911 was occupied in the study of economic problems, and in making important technical researches, as well as setting on foot various competitions and other undertakings. Amongst the economic problems constantly entrusted to commissions of experts chosen from among members and non-members we must specially mention that of the insurance of farm labourers against accidents in their work in relation to the well-known bill proposed by Luzzatti and Raineri. (1) This problem was studied from the general point of view of agriculture throughout all Italy, without neglecting the individual circumstances of proprietors, tenants, and labourers in Lombardy.

After careful consideration of the subject, especially on its financial side, it seemed to the commission that the benefits of the insurance should be extended to the aged without fixing an age limit, and to small proprietors, and to life insurance and compensation in cases of permanent disability, either total or partial, to a degree of not less than 10 %, and of temporary disability for 30 days inclusive. Since it is so frequent for *métayers* and small farmers to adopt children, the commission considered that such children should be made equal with the others for the purposes of this law. As to the division of expenses, the commission recommended

(1) See « Bulletin of Economic and Social Intelligence », Nos. of Feb. 1911, p. 151 and of March 1911, p. 184.

that the proprietor alone should be responsible when he is the sole manager of the land, and also in cases of *métairie* or of farms for rent partly in kind; that the expenses should be shared equally between proprietor and tenant in case of large holdings, and in the proportion of $\frac{3}{4}$ by the proprietor and $\frac{1}{4}$ by the tenant in case of small holdings. The Society turned its attention not only to the above-mentioned bill, but also to the drawing up of a form of contract of accident insurance, to be adopted in Lombardy, applicable to all kinds of rural holdings and satisfactory to all classes of agriculturists, unifying the various rules that govern insurance in individual societies.

Among other important bills under consideration were those for the modification of the forest law of 1877, and for provisions beneficial to mountain pasturage and agriculture (1). For many years the Society has given attention to this subject, as also to bills for the encouragement of sericulture (2) and of the livestock industry (3), and dealing with redhibitory defects of cattle. With regard to the livestock industry some amendments to the proposed tax on the slaughter of calves were suggested, namely the substitution of this by another on betting at horse races and the suppression of the right conceded to municipal bodies of fixing a minimum age for the slaughter of animals. The Society pointed out the necessity of accompanying the realisation of the programme with the organisation of livestock improvement and veterinary services; and for this purpose it seemed to the Society undesirable to make any legal inquiry into redhibitory defects of cattle, as proposed, but rather to make use of the means at the disposal of the agriculturist and commercial bodies, maintaining principles of justice and rejecting all mere pretexts for litigation.

Other work of the Society during the year must not be overlooked; we may mention in passing its work in connection with trade customs in the cattle market of Milan, that concerning the bill for the registration of engineers and authorised land-surveyors, examination into the relations between the renting of irrigated land, prices of produce, and increased cost of labour, inquiries regarding the prices of silk-worm cocoons etc. and others regarding the rent of irrigated land.

To this vast amount of work may be added researches of a technical character, chiefly in connection with the Alpine pastures of Como, reports of which are already published. This enquiry was carried out with the moral and material help of the Ministry of Agriculture, and completed in about ten years; it had been extended to all the Valtellina, the valleys of Bergamo and to the entire province of Como.

(1) See Bulletin of Economic and Social Intelligence of August, 1911, pages 252, 256.

(2) See Bulletin of December, 1910, page 382.

(3) See Bulletin of May, 1911, page 265.

Technical experiments were made with regard to the respiration of silkworms and the destruction of diaspis by means of its natural parasite, the *prospastella*.

As already mentioned, the Society during the past year instituted three competitions for prizes. The first was for cheese-makers for the making of cheese of Lodi and in conjunction with this it was desired to stimulate the cheese industry so important for Lombardy; the second prize was for a model cow-shed, and the third for the cultivation of rice by improved methods.

We must not omit in addition the establishment of a co-operative society for the production and sale of bullocks of the brown Alpine breed (1) and for the stocking of flooded rice-fields and ponds with carp. We must advert to the share taken by the Society in the principal agricultural congresses and meetings and to the moral and financial support it afforded to many undertakings and institutions for the technical and economic progress of agriculture.

(Summarised from the Report of the President to the General Assembly of Members on the Work accomplished by the Society in 1911. See *Bollettino dell'Agricoltura*, Milan, n° 18, 4th. May, 1912.

3. Miscellaneous Information.

1. — **A Section for Women in the Society of Italian Agriculturists.** — Within this Society a section for women has been formed with a view to the economic improvement, the moral elevation and the general well-being of women in the country districts. To attain these objects the following means are adopted:

- (a) educational propaganda;
- (b) practical teaching in horticulture, floriculture, silkworm-rearing, agriculture, fowl-rearing, domestic economy and book-keeping;
- (c) prizes for good management of farm-houses, vegetable gardens, fowl-houses, bee-hives, and houses for silk-worms;
- (d) practical instruction in country districts in needlework adapted for peasant women;
- (e) registration of peasant women in the National Thrift Institute;

(1) The Agrarian Committee of Lendinara in July, 1911, likewise instituted a co-operative society with shares of 100 francs each for the rearing of bullocks. In a few days shares were taken up to the amount of 20,000 francs, and on the 10th. of December, 1911, the society possessed 16 bullocks.

(f) dissuasion of country women from entering upon city life and from emigrating unnecessarily ;

(g) protection against usury and small money lenders.

(h) every other means which may in course of time present itself to the section as likely to promote the objects in view, and to increase the affection of women for their own homes and villages.

This section will always be in connection with the institutions already existing in Italy for the elevation of women ; for example, the National Council of Italian Women and the Permanent Department for the Protection of Emigrant Women and Children, and the Co-operative Society called " *Le Industrie Femminili Italiane*."

The members of this society have the same right as ordinary male members, and pay an annual contribution of 10 francs.

The president, vice-president and secretaries have all been appointed and the programme of work for the approaching summer season has been approved. Its chief points are to collect information on the spot and to carry on a propaganda in favour of the National Thrift Banks which are of such practical utility for peasant women.

(Summarised from the *Bollettino della Società degli Agricoltori Italiani*, Rome, n° 7 13th. April, 1912).

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2. — Agricultural Co-operation at the Congress of the National Federation of Farm Labourers at Bologna. — At Bologna last February a congress of farm labourers was held under the auspices of the National Federation, and attended by representatives of 100,000 organised societies out of 150,000 registered. The subject of agricultural co-operation was introduced by Zannoni and Amedeis. A resolution was passed to urge co-operative societies constituted or about to be constituted, to conform to the following requirements :

(a) to avoid competition of a kind likely to increase farm rents ;

(b) to form among themselves district federations and consortiums for administrative control, for technical assistance, and for credit ; to purchase on advantageous terms materials, implements and machinery for sale, to manufacture and preserve agricultural produce, and to perform all other administrative, commercial and industrial acts for the success of the business of the society.

(c) to establish a bureau at the office of the Federation specially for propaganda on behalf of agricultural co-operation.

Finally, other resolutions were passed in favour of insurance against accidents in agriculture and for old age and invalid pensions to all working men, and for the extension to agriculture of the law on Labour Arbitration.

(Summarised from the *Bollettino dell'Ufficio del lavoro*, Rome. No. 2, February, 1912).

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3. — The IIIrd Congress of Small Agricultural Proprietors at Casalmaggiore.

— On the 5th of May this Congress of farmers and farm labourers met at Casalmaggiore (Cremona), convened by the *Interprovincial Federation of Small Farmers and Peasants*. The only subject on the programme "The Application of Agricultural Machinery to Small Farms" was introduced by Dr. Ugo Patrizi, member of the National Agricultural Committee. The speaker, after indicating the agricultural machines best adapted to small farms, pointed out the necessity for combination among farmers in order easily to derive benefit from the machinery. He then described the present conditions of small holdings, and referred to the assistance which the State ought to give to their proprietors. Such assistance should be in the form of exemption from the entire tax on buildings in the case of such as are occupied by the proprietor and his family, and from other taxes on holdings of from one to three hectares; the granting of loans at low interest for the payment of mortgage debts, and the improvement of habitations, farm buildings, land, etc. and the facilitation of credit to mutual societies interested in production, distribution and the various branches of insurance.

At the end of the previous March, at Bassano Veneto, a congress of small tenant farmers was held, at which the subjects brought forward were instruction in co-operation, and agricultural instruction as a means of economic improvement. The hope was expressed that the principles of co-operation should be explained to the people, in detail and that within the professional Unions co-operative societies of production, distribution and credit should be instituted. The Congress desired that the system of contracts of letting by the year only should be definitely abandoned, because this short term prevents the farmers from making improvements possible only with a longer tenure.

(Summarised from the *Bollettino del Comitato Agrario Nazionale*, Rome, No. 5, May, 1912, and from *Cooperazione Popolare*, Parma, No. 4, 15th. April, 1912.

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4. — **The Federation of Rural and Popular Savings Banks in the Province of Bologna.** — On the 31st. December, 1911 there were 80 federated societies, the position of which is shown by the following figures :

Number of Members	Francs	6,766
Share Capital	»	87,716
Amount of Deposits	»	2,704,954
Various Debts	»	178,586
Loans	»	1,606,983
Securities	»	456,672
Current Accounts (Credit)	»	655,397
Other Assets	»	273,686
Revenue.	»	130,580
Expenditure	»	109,098

(Summarised form « *Cooperazioni Popolari* », Parma, No. 5, 15th. May, 1912).

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5. — **Co-operative Nursery Garden of Canneto sull'Oglio.** — Thirty-five small proprietors and tenant farmers in the Commune of Canneto sull'Oglio (Mantua) have formed a consortium with the following aims :

- (a) to protect *bona fide* trade in young trees in every way ;
- (b) to control and extend the cultivation of young trees in the commune and neighbourhood ;
- (c) to sell collectively the plants belonging to members (mulberry trees, forest trees, ornamental shrubs, fruit trees).
- (d) to diffuse the knowledge of improved methods of cultivation among the members, and to make known in Italy and abroad the excellence of the plants grown by the consortium.

This is the first instance in Italy of such a society.

(From *Cooperazioni Rurali*, Rome. No. 5, May, 1912).

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6. — **A New Society for the Cultivation of Tobacco.** — A legally constituted society of tobacco-growers recently established at Benevento already numbers 1,000 members. It is now urging on the centres of tobacco culture the institution of independent sections in different provinces. Its objects are :

- (a) the general technical and economic progress of the cultivation of native tobacco ;

(b) protection of the interests of tobacco-growers as against State monopoly ;

(c) diffusion of a spirit of thrift and reciprocity among the members.

(d) efforts to set on foot all those forms of association, subsidiary and co-operative, which may diminish the cost of production and increase the profits of tobacco culture.

(e) the study of every means that technical science may suggest to improve the cultivation and preparation of raw tobacco, and to diffuse popular instruction on the subject among the agricultural masses.

(Summarised from the *Rivista Agricola*, Rome, No. 158, 1st. May, 1912).

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7.— **A Steam Plough Society.** — At Borghetto di San Lazzaro Alberoni, in the province of Piacenza, a society of agriculturists has been recently constituted with a view to the purchase and joint working of a steam plough. The members have agreed to pay about 60 francs per annum per hectare.

They have a direct traction machine, consisting of a locomotive and a plough.

This instance of agricultural organisation, of which there are many in England, Belgium and Germany, is almost an unheard of thing for many districts in Italy, and is therefore worthy of notice.

(Summarised from *Agricoltura Piacentina*, Piacenza, Nov 3, 1912).

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PART II.

INSURANCE.

INSURANCE

KINGDOM OF HUNGARY.

I. — CURRENT QUESTIONS.

The New Law on the Subject of the National Institute for Assistance to Workmen and Farm Servants.

The "Földmívelési Értesítő," the official organ of the Ministry of Agriculture of the Kingdom of Hungary in the March number of the current year, publishes Law VIII of 1912 which forms the complement to Laws XVI and XIV of 1900 and 1902 respectively, and also the enactments of the Ministry of Agriculture relating to the enforcement and execution of Law VIII.

The working of the National Institute for assistance to workmen and farm labourers, established by Law XVI of 1900, presented at first certain difficulties, such as are inherent in every new institution, which were remedied by Law XIV of 1912. The Ministry of Agriculture, turning to account the experience collected during the ten years since the foundation of the Institute, and urged by the social exigencies of the working classes, lost no time in presenting to Parliament a bill securing further advantages to the members of the Institute.

Among the chief clauses added by this law is one respecting the formation of a new section, in addition to the four already existing, for those members who wish to obtain a retiring pension. The regulations concerning the insurance of agricultural labourers were extended, for by the new law all workmen employed in the management of agricultural machines must be insured. At the same time the owner of such machines is held responsible if, owing to neglect of duty on his part, the labourer should be injured. Another regulation not less important allows to the person insured an annual sum of 240 francs in case of his being permanently invalidated.

Below are given the general outlines of the law and of the two enactments connected with it.

I. — LAW OF 1912 COMPLEMENTARY TO LAW XVI OF 1900 AND TO THAT OF 1902 CONCERNING THE NATIONAL INSTITUTE FOR ASSISTANCE TO WORKMEN AND FARM SERVANTS.

I. Special section for members entered for a retiring pension.

§ 1.

Besides sections I, II, III and IV into which the members of the institute are divided (§ 2 of Law XVI of 1900; § 7 of Law XIV of 1902) there is another special section comprising those members who wish to obtain a retiring pension, which is therefore called the retiring section.

Every person above the age of 14, without distinction of sex, living chiefly by agricultural labour, may be admitted in this section.

The entrance fee is one crown. The annual subscription is ten crowns payable in advance, and every member must pay it until he receives a pension under § 2 or § 8.

A member must possess only one certificate. The regulations of § 20 of Law XIV of 1902 are not applicable to members of the retiring section.

§ 2.

If, after having paid his subscription for ten years, a member of the retiring section should be permanently incapacitated for work, so that by agricultural labour he is only able to earn annually one-third of the average yearly wages of an agricultural labourer or servant, in the locality where he lives, he shall receive from the Institute a pension for life, or until he can again earn his living.

Should the person interested be incapacitated immediately after the ten years of paying his subscription, he shall receive an annual pension of not less than 60 crowns, and not exceeding 240 crowns, in monthly payments.

If before his incapacitation the member have paid his subscription for more than 10 years his pension will be increased by six crowns a year.

Should the member be 65 years old when he has paid his subscription for ten years, he receives as an annual pension for life the sum to which

he would have been entitled in case of having been incapacitated, whether he is able to work or not. The amount of the pension will be according to the number of years during which he has paid his subscription.

§ 3.

Should a member of the retiring section die after having paid his subscription for ten years, his family will receive once for all a sum equal to a year's pension calculated according to the regulations of § 2 and § 10 of Law XVI of 1900.

If the members, death occur before the expiration of the ten years his family shall receive, once for all, as assistance, the half of the subscriptions paid by him. If it occur after payment of two years' subscriptions and on dying the member leave a child under 14 years of age, the assistance given once for all may not be less than 100 crowns.

If he leave neither widow nor child, the Institute shall pay his funeral expenses, calculated in conformity with previous laws and amounting at most to 50 crowns.

§ 4.

In the case of accident, incapacitation or death as the result of an accident the members of the retiring section will have a right to the same assistance as the members of the first section.

II. *Complement to legislative enactments already in force.*

§ 5.

The last sentence but one of § 3 of Law XIX of 1907 and § 25 of Law XIV of 1902 have been altered so as to oblige the owner of any kind of agricultural machine to insure in the National Institute for Assistance to Workmen and Agricultural Servants, all men employed in the working of the said machine even when it is hired out on a farm belonging to another person. No exception is made except in the case of a certified mechanic, who must in all cases be insured according to Law XIX of 1907.

The governing body of the Institute is authorised to communicate with employers and owners of agricultural machines so as to sign with them contracts of insurance against accidents to workmen employed in managing their agricultural machines while doing work ordered by them or their representatives.

The owners of agricultural machines may fulfil their obligations as regards insurance by procuring the admission as members of the Institute, of those workmen who attend to their machines, and who must, according to the above regulations, be insured, by paying for each of them a subscription of one crown. In the case of insurance of this kind, they are not obliged to procure the admission to the number of extraordinary members of those workmen whom they know to be already insured against accidents as regular or extraordinary members, or as agricultural servants.

If the owner of a machine does not fulfil the duties imposed upon him by this paragraph of the Law, he is responsible to the workman or to those inheriting his rights for the damages resulting from this omission, even though the accident cannot be attributed to any negligence on his part.

It is illegal to deduct from the wages of the workman the amount of the insurance premium or of the subscription of an extraordinary member which ought to be paid in conformity with the terms of this paragraph of the law. He who violates this regulation incurs the penalty fixed by § 40 of Law XVI of 1900.

§ 6.

The first paragraph of Law XIV of 1902 has been altered so as to prohibit the giving of more than one certificate to the regular members of sections I and II except in the case of a permission previously granted by the central governing body of the Institute, and also to forbid an extraordinary member to receive more than one certificate.

To paragraphs 8 and 12 of Law XIV of 1902 additions have been made by which regular members may be admitted to the IIIrd section, between the ages of 50 and 60.

The family of a member who has been admitted between the ages of 51 and 55 will, at his death receive 50 crowns, but if he were admitted between the ages of 56 and 60 they shall only receive 40 crowns.

§ 7.

Paragraphs 13 and 14 of Law XVI of 1900 have been altered so as to grant to an insured person incapacitated by an accident one crown a day for ten weeks at most.

Paragraph 15 of the same law has been modified thus ; the Institute reimburses the employer for 10 weeks at most, for the support of the injured workman or servant, at the rate of one crown a day. But in the case of

an agricultural servant, that is, if his employer be obliged to support him for three months, that is 13 weeks, the Institute is obliged to pay one crown a day, beginning only from the 15th day after the accident.

§ 8.

Paragraph 16 of Law XVI of 1900 has been altered so as to give to an insured person incapacitated by an accident for more than 10 weeks, the right to a pension beginning from the eleventh week, or at the end of three months, if he have been an agricultural servant, for the whole time of his remaining incapacitated.

If he be totally incapacitated the pension is 240 crowns a year payable monthly for the whole time ; but in case of a diminution only of working capacity, the payment shall be in proportion to the loss of capacity.

The injured man has a right to this proportional assistance only if his working capacity has been diminished by at least 25 %. The minimum of the pension is therefore 60 crowns a year.

§ 9.

Paragraph 17 of Law XVI of 1900 has been altered so as to grant to the family of a member whose death has been caused by an accident, compensation once for all, amounting to 400 crowns (§ 10 Law XVI, 1900). If the deceased have left more than two children under the age of 14 the compensation is increased by 100 crowns per child beginning from the third, provided that the total compensation shall not exceed 800 crowns. Should the member deceased leave neither child nor consort, the Institute pays 100 crowns for the funeral expenses.

§ 10.

Regular or extraordinary members admitted after this law comes into force, as well as insured servants and workmen having the charge of agricultural machines, or their heirs, shall receive the compensation in one payment in case of accident, incapacitation caused by an accident, or death, even if insured in different sections of the Institute or by different kinds of insurance, or several times in the Institute.

He alone who with previous permission (§ 6) granted by the Institute has received several certificates as member of the 1st or IIInd section, may claim that the amount of the compensation may be multiplied by an uncertain coefficient. The second sentence of paragraph 37 of Law XVI

of 1900 has been altered to prevent an insured person who is a member of any mutual aid society, from claiming during illness gratuitous medical treatment from the Institute during the first 10 weeks after his accident ; he may only claim the difference between a crown and the sum which he receives for his daily support from the fact of his being insured against illness.

III. *Various provisions.*

§ 11.

The sums paid in by the original members (§2, law XVI, 1900), and the donations made to the Institute to help it to fulfil its object (letter *d* of § 7, law XVI, 1900) must be administered as a special fund, from the interest of which the directing body may draw sums for the special assistance of those insured and their families to a maximum of 100 crowns for each case, which under ordinary circumstances and according to law, the Institute would not be bound to grant.

§ 12.

If a master fails to declare his agricultural servant in order to escape the tax (in conformity with paragraph 8 of the law XVI of 1900), or if in any other way he avoids his obligation, or if the proprietor of an agricultural machine fails to insure against accidents (in accordance with paragraph 5 of the present law) the men employed to work the machine, the authorities named in paragraph 62 of law XLV of 1907 may punish such neglect by subjecting him to a fine not exceeding 100 crowns, and to the payment of the sums due for insurance.

In agreement with paragraph 24 of the law XIV of 1902 the responsibility of the master as well as that of the owner of the agricultural machine remains as established in the last sentence but one of paragraph 5 of this law.

§ 13.

The Hungarian Ministries of Commerce and Agriculture have been authorised to formulate a provisional order requiring the insurance against accidents and illness of the employés of the hydrographic societies and of those who work directly under the Ministry of Agriculture and its various departments. This will be presented to Parliament and the Ministers may then depart from the provisions of the law of 1907, if they think it necessary.

IV. *Temporary provision.*

§ 14.

The management of the Institute has been authorised, at the request of those interested, in giving them their certificates of membership, to regulate the insurance accounts of those who are ordinary members and also of agricultural servants insured as ordinary members admitted before the coming into force of the new law, so that all these may be able to prove that they satisfied the requirements for members belonging to the retiring section previously to the new law.

V. *Final provision.*

§ 15.

The Minister of Agriculture is charged with the enforcement and execution of this law.

II, — DECREE OF THE HUNGARIAN MINISTER OF AGRICULTURE CONCERNING THE PUTTING INTO FORCE AND EXECUTION OF LAW VIII OF 1912 COMPLETING LAWS XVI OF 1900 AND XIV OF 1902 CONCERNING THE INSTITUTE FOR ASSISTANCE TO WORKMEN AND FARM SERVANTS. FÖLDMIVELÉSI ERTESITŐ NO. 10. BUDAPEST, 10TH. MARCH, 1912. (To all committees, cities and municipalities, to Budapest the capital and residential city, and to the Royal Governor of Fiume).

Count B. Serényi, in accordance with § 15 of law VIII of 1912, orders that the said law, completing laws XVI of 1900 and XIV of 1902 concerning the *Institute for Assistance to Workmen and Agricultural Servants* shall be put into force on the 1st. of March, 1912.

The decree 1,500/1912 of the Ministry bearing this date, and concerning the execution of the law, comes into force the same day.

In giving notice of the necessary delay, and in view of the coming into force of the law, and joining to it the decree above mentioned, the Ministry declares that this decree, succinct as it is, contains all necessary information concerning the new law and the already existing laws.

Municipal bodies and the executive bodies of communes will only therefore have, except in very rare cases, to look for the information

they may require, in the presidential decree No. 6,531/1902, which has been scarcely changed.

The new law does not make insurance for obtaining a retiring pension obligatory but it encourages it by the new form given to it. To receive a pension at 65 years of age it is sufficient to have been insured during the previous ten years: insurance may now be begun at any age, though hitherto the age limit was 35.

The chief obstacle which hitherto prevented the extension of this kind of insurance has thus been removed. This insurance, by payment of a very small tax, offering, as it does, privileges to persons of advanced age, is a proof that by it the State desires their benefit without any idea of remuneration. There is no doubt but the success of the plan depends solely on the dissemination of information on the subject among agriculturists, workmen and agricultural servants. In consideration of its importance, the Ministry requests all authorities, and all executive departments of municipalities to avail themselves of every opportunity to give publicity to the law, so that none may be left in ignorance of the subject. Obligatory insurance against casualties is rendered much more efficacious under the new, than it was under the former law.

Instead of raising the original premium, the law enacts as follows: in case of casualty causing incapacity for work, the masters will be repaid the sums they spent in assistance day by day on their agricultural servants, not however beginning from the day of the accident, but from the 15th day following. But any expenses for medical treatment and first aid will be repaid according to the present custom.

The new law does not interfere with insurance against accidents, obligatory for all agricultural servants and those engaged with agricultural machines.

This law settles all difficulties, and resolves all doubts with regard to the insurance of workmen occupied with agricultural machines. It provides clearly that every owner of any agricultural machine of any description whatever, is bound to insure in the National Institute all his employés occupied therewith, not only when working on his own farm, but if hired out to another. Exception is, however, made in the case of certified mechanics, who must according to law XIX of 1907 be insured in the district office for the insurance of workmen. However, as hitherto the number of insured agricultural servants and workmen occupied with agricultural machines falls far short of their total number, the new law provides against this condition by establishing a system of penalties. Now, according to § 12 of the new law, all employers and all proprietors of agricultural machines who fail in fulfilling the provisions of the law will be fined 100 crowns, and compelled to pay the premiums due. According to clause 5 not only these employers are fined but also the owners of machines

are liable to a fine not above 200 crowns if they have failed to pay the compulsory premiums according to § 40 of law XVI of 1900. The application of this procedure is incumbent on the authorities named in § 62 of law XLV of 1907.

The Ministry requires the authorities and the executive bodies of communes in enforcing these legal penalties, to make sure that in conformity with the decree of the Ministry of Agriculture, No. 14, 100/905, the census returns of all agricultural servants have been duly made, and likewise a declaration to the central governing body of the Institute that the provisions of the Law have been fully carried out.

Budapest, 27th February, 1912.

III. — DECREE OF THE HUNGARIAN MINISTRY OF AGRICULTURE CONCERNING THE CARRYING OUT OF LAW XIV OF 1902, AND COMPLEMENTARY LAW VIII OF 1912 ON THE INSTITUTE FOR ASSISTANCE TO WORKMEN AND FARM SERVANTS. FÖLDMIVÉLÉSI ÉRTESÍTŐ. BUDAPEST. NO. 10. 10th. MARCH, 1912. (To all committees, municipal cities, Budapesth, capital and residential city and to the Royal Governor of Fiume).

To complete his presidential order, No. 6,531/1902, modifying certain provisions, Count B. Serényi, Minister of Agriculture has, with regard to the execution of the laws above mentioned, ordered as follows :

CHAPTER I.

THE VARIOUS FORMS OF INSURANCE.

(1) *The members of the retiring section.*

§ 1.

Every person above the age of 14, without distinction of sex, supported chiefly by agricultural labour may be admitted as a member of the retiring section. The entrance fee is one crown, and the annual subscription 10 crowns payable in advance.

The member must pay the subscription without interruption as long as he is not receiving any pension as being injured or invalided.

Those belonging to the retiring section can receive payments only through one certificate of membership.

A member of the retiring section can claim assistance only in the following cases :

(a) If, after having paid his subscriptions for 10 years, he definitely loses his capacity for work, so that in agricultural labour he can only earn one-third of the average yearly wages of a workman or agricultural servant in the locality, he may receive from the Institute a pension either for his life or till he is again able to earn his living.

Should the insured person be invalidated immediately after having paid his tenth annual subscription he shall receive an annual pension of not less than 60 crowns, and not more than 240 crowns, paid monthly. If he have paid his subscription for more than 10 years the pension will be increased by 6 crowns for every year after.

If, after having paid his subscription for ten years, the member reaches the age of 65, he will receive for the rest of his life without taking into account his capacity for work, a pension equal to that to which he would have been entitled in the case of his having been invalidated, according to the number of years during which he has paid his subscription.

(b) Should he die after having been a member for 10 years and still being a member, his family will receive once for all a sum corresponding to the amount of a year's pension calculated according to the rules contained in the preceding paragraphs.

Should the member die before the expiration of the ten years, his family will receive once for all a sum equal to half the amount of the subscriptions paid by him.

If after having paid his subscription for two years only, the member should die leaving a child under the age of 14, the assistance granted once for all to his family must not be less than 100 crowns.

Should the member die leaving neither child nor consort, the Institute will undertake to pay his funeral expenses, for a sum fixed upon according to the preceding regulations, up to 50 crowns.

(c) In case of accident, the Institute will give assistance as indicated in the 9th paragraph of the law.

§ 2.

Thus the regulations contained in the 7th paragraph of the presidential ordinance N^o 6,531/1902 with regard to admission and to certification of membership, are applicable to the members of the retiring section as are also those of paragraphs 11 and 12 with regard to loss of privilege, expulsion, re-admission and change of domicile, with the following modifications :

A person wishing to become a member of the retiring section, must, as in the case of the other sections, present himself to the communal au-

thorities of the place where he is domiciled, that is, to the municipal council or to the local committee.

Before admission, his age must be verified, and it must be ascertained that he lives chiefly by agricultural labour. He must then pay one crown as entrance fee, for which he will be given a receipt. Ordinary members must pay an entrance fee of two crowns.

The communal authority must at once send to the Institute the particulars concerning the candidates on printed forms prepared for the purpose, also the amount of entrance fees which must be transmitted through the post-office savings-bank. Members may make the payment of their subscriptions through any post-office, on presenting their certificates of membership, and forms of admission of the post-office savings-bank prepared and sent by the governing body of the Institute. The payments of the subscriptions must be made in advance every six months according to the directions given in the certificate of membership. The member does not enter upon his rights till after this half yearly payment has been made.

A person, who, before the 1st. March, 1912, belonged to one or more of the 4 sections of ordinary members, and now desires to pass from the section or sections to which he belongs into the retiring section, must present himself to the communal authority of the place of his domicile.

He will return his certificate or certificates to be sent with his request to the central governing body of the Institute.

(2) Ordinary members of the first and second sections.

§ 3.

The 8th paragraph of the presidential order No. 6,531/1902 has been altered so as to prevent members of the first and second section having more than one certificate of membership without previous authorisation from the Institute.

In case of accident, the ordinary members of the first and second sections receive assistance to the amount indicated in the 9th paragraph of the present order which abrogates clause 4a of the 3rd and 4th paragraphs, as also paragraphs 19, 20, 21, 22, 23 and 24 of the presidential order No. 6,531/1902.

(3) Ordinary members of the third section.

(Insurance for funeral expenses)

Paragraphs 5 and 9 of the presidential order No. 6,531/1902 have been altered to admit to this third section all persons over 14 and under 60 years of age without distinction of sex.

By paying an entrance fee of two crowns, and every year from his entrance till his death a subscription of 2 crowns 60 fl., every ordinary member of this section may assure assistance to his family in case of his death. This assistance will depend upon the age of the member at the time of his admission.

Age of member when admitted	Assistance to family — crowns —
15-20	200
21-25	170
26-30	150
31-35	125
36-40	100
41-45	80
46-50	60
51-55	50
56-60	40

If the doctor of the Institute has visited the member previous to his admission, the Institute must grant to the family the assistance in question, even should the member die after having only paid his entrance fee and his first subscription.

Should the member have been admitted without this preliminary medical visit, assistance can be claimed only when the deceased has paid his subscriptions for two years. But should he die before the lapse of two years the Institute shall pay to his family a sum equal to the amount of the payments made without interest.

(4) *Extraordinary members.*

§ 5.

Paragraph 13 of the presidential order N° 6,531/1902 has been altered to admit every workman certified as such, or employed in the working of any agricultural machine, as an extraordinary member, after which he can only receive one certificate of membership.

By payment of one crown as subscription, this member enters upon his rights on the day when the governing body of the Institute shall draw up for him a certificate available up to the 31st. December of the current year.

In case of accident, extraordinary members will receive assistance in the proportion indicated in the 9th paragraph of the present ordinance which abrogates the 31st paragraph of the presidential order No. 6,531-1902.

(5) *Compulsory insurance of agricultural servants.*

§ 6.

In conformity with the 8th paragraph of Law XVI of 1900, every employer must pay in advance to the *National Institute of Assistance to Workmen and Agricultural Servants* 120 fillers for each of his agricultural servants.

This sum must not be deducted from the wages of the servant nor must he be required to repay it. Any person infringing this prohibition is liable to a fine not exceeding 200 crowns, according to the 4th paragraph of Law XVI of 1900.

In order to obtain a list of all those who should pay this contribution and to collect it in the same way as the communal taxes, the communal authority, which is in this case the communal tax-office, must, in conformity with the presidential ordinance No 14,100/1905 of the Ministry of Agriculture, proceed to enter officially masters and agricultural servants in the register model A, at the time of making out the list of general taxes. In any case, it will be necessary for this purpose to go from house to house in the month of November of the year preceding that in which this contribution is paid.

During the time of this registration, the employer must declare to the proper authorities all needful particulars about his servants, and must pay to the communal office the contribution of 120 fillers according to the general registration. He will not receive any special notice to do so and he must pay before April 1st.

But not only at the time of the registration is the employer obliged to make a declaration at the tax office. As soon as he takes a new servant into his employment he must pay the 120 fillers unless he can prove that he has only taken a substitute for a servant who has left him and for whom he has already paid the annual tax.

In case of accidents, agricultural servants, even if not members of the Institute, receive assistance, according to the 23rd paragraph of Law XVI of 1900, in the proportion indicated in paragraph 9 of the present order. But they must be entered in the model register A, as laid down in the said order and their employer must have paid for them his contribution in due time but in any case at least 30 days before the accident. If an agricultural servant is the victim of an accident before having been entered in the register model A, or if the contribution for his admission has not been paid in due time and according to the preceding regulations, no assistance can be expected from the Institute. According to the 24th paragraph of Law XIV of 1902, the employer is responsible for the accident.

If an employer neglect to declare an agricultural servant or withdraw him in any way from the registration to avoid paying the tax, he infringes the regulations of the 12th paragraph of Law VIII of 1902, and becomes liable to a fine not exceeding 100 crowns. He must also pay all the contributions due, and according to the terms of the preceding paragraph, his responsibility is in no way diminished.

When these regulations come into force, paragraphs 15 and 33 of the presidential order No. 6,531/1902 shall be abrogated.

(6) Obligatory insurance of workmen managing agricultural machines.

§ 7. ¹⁸⁹⁸₁₉₀₂

Agreeably to the 5th § of law VIII of 1902 every proprietor of an agricultural machine is obliged to insure in the Institute all workmen employed in the management of any such machine, whether on his own farm or that of another (certified mechanics alone excepted). The mechanics must be insured in every case, according to law XIX of 1907 in the district Institute for Workmen's Insurance. It is forbidden to subtract the amount of premium from the salary of the workman, on pain of a fine not exceeding 200 crowns, as fixed by the 40th § of law XVI of 1900.

As regards insurance against accidents to those working machines, and more especially during the actual service ordered by an employer or his representative, the governing body of the Institute may sign contracts of special insurance with the employers or the owners of agricultural machines without naming individuals.

To accomplish the aim proposed by such agreement, every owner of an agricultural machine is obliged to make a special declaration.

This is done directly or indirectly, through the communal authority, that is, either the municipal council or the local committee, which must transmit the declaration to the central governing body of the Institute, accompanied by the sum corresponding to that fixed by the tariff for insurance published by the said body. The communal authority must immediately make the despatch it is entrusted with as intermediary. It must transmit gratuitously the printed form for declaration, and also the savings-bank book for entering the amount of the insurance premium. No one sending his declaration without the amount of the premium or vice-versa can be insured. The declaration and money being received, insurance begins from mid-day of the day after the payment of the premium. If the payment be made before the sending of the declaration, insurance begins from mid-day of the day that the declaration is received by the management.

In case of an accident, and especially of an accident occurring during work ordered by the employer or his representative, those of his employés working the machine, and who have been insured in this manner, shall receive assistance according to the provisions of the 9th § of the present order. This arrangement is specified in the contract.

The owner of a machine may also fulfil his part of the contract by causing to be admitted as extraordinary members of the Institute the workmen managing his machines, and by paying for them the annual subscription of a crown. Exception is made, however, in the case of those employés already insured in the *Institute for Assistance to Workmen and Farm Labourers* etc., as ordinary or extraordinary members or as agricultural servants.

If the master makes changes in his working staff he is obliged at his own expense to insure the newly-engaged workman, if not already insured.

If the owner of one or more agricultural machines does not fulfil the stipulations of this contract, he is responsible to the workmen and to their heirs for damages caused by this omission, or by any negligence which may be imputed to him in case of any accident happening during work. Also, in conformity with § 12 of law VIII of 1902, he is liable to a fine up to 100 crowns, and to the payment of the premiums due.

These orders annul those of § 16 and § 34 of the presidential orders, No. 6,531/1902.

CHAPTER II.

ASSISTANCE.

(1) *General Provisions.*

§ 8.

Paragraph 18 of the presidential order No. 6,531/1902 with regard to assistance is also applicable to members of the retiring section. Members both ordinary and extraordinary admitted after 1st. March, 1912, also the servants and workmen employed in the management of agricultural machines who hold life and accident insurance policies will receive only one pension even if insured among various groups of members or for various kinds of insurance, and insured many times in the Institute.

Only those who have received certificates of ordinary members of the first or second section may claim more than one pension.

When an accident is followed by death the Institute pays the pension, but not in case of natural death. If any person have obtained an annual pension in consequence of an accident he cannot claim at 65 years of age the pension generally granted in cases of incapacity from natural causes.

If he can claim pension under two heads, he may select the one he considers the more advantageous.

The amount of an annual old-age pension cannot be raised (when the recipient has not been previously insured) in consequence of an intervening accident. In fixing the amount of an annual pension at the age of 65, that is in cases of *natural incapacitation* or that of the compensation to heirs in case of natural death, only those years passed since the admission of any one to membership and during which period he has paid the yearly premiums can be taken into account.

An insured member of an institute of assistance cannot in case of illness, claim gratuitous medical treatment during the ten weeks immediately following an accident. Besides, he can only claim the difference there may be between the amount granted him for assistance in illness and the allowance of one crown per day which the Institute grants in case of accident.

(2) *Assistance in case of accidents.*

§ 9.

In cases of accidents, the Institute grants assistance to ordinary or extraordinary members of the first and second section, to those of the retiring section, to agricultural servants insured by payment of a contribution of 120 fillers, and to workmen employed in the management of agricultural machines, and who are insured by the contract signed for them in case of accidents happening to them during work. If the insured person be injured by an accident :

(a) he has a right to gratuitous medical treatment, to medicaments, needful for his restoration and orthopaedic appliances from the time of the accident until his cure ;

(b) if, in consequence of the accident, he be invalided for more than a week he may claim a crown per day until his recovery, but at the most for a period of ten weeks ; if he be an insured agricultural workman and his invalid state continue more than thirteen weeks, the Institute gives him no further help. And the employer is obliged according to the contract, during the period of his invalid condition, to pay him the total of his wages and the allowance to which he has a right and to furnish him also with food if that has been included in the contract, these obligations ceasing after 13 weeks at the most ;

(c) if the invalid condition caused by an accident, continues a longer time, after the 11th. week, that is from the end of three months, the victim has a right to compensation for the duration of the state of incapacity for work to which he is reduced.

This annual pension of 240 crowns, payable monthly, continues all the time of his invalid condition, while if he becomes less capable for work, the amount of the compensation will be reduced to a fraction of 240 crowns proportioned to this diminution of strength, and for its entire duration.

However, the injured man has no right to this proportional allowance except his incapacity be to the extent of 25 %; that is, that the smallest allowance is of 60 crowns per annum.

(d) if the victim die in consequence of an accident, his family receives once for all an allowance of 400 crowns.

If he leaves more than two children under 14 years of age, the allowance is increased by 100 crowns for each child beginning with the third, but the total of the allowance must not exceed 800 crowns.

If he die without leaving consort or children, 100 crowns will be paid by the Institute for his funeral expenses.

(a) *Compulsory declaration of the accident.*

§ 10.

When any one has been injured by an accident, a doctor must be called in without delay, and notice given to the communal authority, whatever it may be, with proofs that the injured person is insured; all insured persons are morally obliged to assist the authorities. If any accident happen to an insured person in the course of his work and caused by the work, if he be a servant attached to the employer's person, the latter is obliged to call in medical assistance without delay, and to give notice to the communal authorities, giving all reasonable proofs that the injured man is insured.

In case that the injured man or his employer have abstained without good reason from calling in the doctor within 24 hours, and that this has caused an aggravation of the injury, or in case of the injured man or his employer having failed to give notice to the communal authority within the 24 hours immediately following the time of the accident, or that they have been too late to allow of the circumstances attending the accident being exactly observed or its probable consequences foreseen the Institute is not bound to grant any assistance.

The communal authority is obliged to make an inquiry on the spot within 24 hours. It must discover the circumstances of the accident, and estimate the probable consequences, and then submit, without delay, an official report to the governing body of the Institute. If the accident has caused an incapacity for work likely to last longer than a week, the communal

authority must inquire into the condition of the injured person at least once a week (unless he be under care in a hospital), and draw up on a printed form an official report of his condition. Then, if a cure has been effected, it must be announced to the Institute in a similar manner, and similarly if the cure has not been effected. In this last case, the report must be presented ten weeks after the accident. If the injured person be an agricultural servant the report need not be presented till thirteen weeks after the accident.

(b) *Gratuitous medical treatment.*

§ 11.

If, in accordance with the preceding §, the doctor has been called in and the accident declared within the prescribed period, the injured person receives gratuitous medical treatment, medicaments, dressings, and, if necessary, hospital treatment.

Any person not submitting to medical treatment and control loses all his rights.

(a) If the accident have not occurred in the course of work done on the land of the employer, the Institute must bear the medical expenses and, if necessary, the expense of the communal hospital.

(b) Should the accident have occurred to the insured person in the course of work done on the land of the employer, the latter must advance money for medical treatment, and, if necessary, for the communal hospital for 10 weeks, unless the injured man should recover in a shorter time.

(c) If the insured person is an agricultural servant the employer must advance money for medical treatment not only for 10 weeks but for three months, that is 13 weeks.

In § 13 of the present order will be found the regulations according to which the Institute will reimburse the employer for the cost of medical treatment in the cases contemplated in (b) and (c).

(c) *Daily allowances.*

§ 12.

A person insured, who is incapacitated for more than a week, receives compensation in the following cases :

(a) if he have met with an accident simply in the course of his work he receives from the Institute directly the allowance due to him for the whole time during which he is incapacitated.

(b) should the accident have occurred to the insured person in the course of work done on the land of the employer, the allowance is not paid by the Institute, but the employer must allow him a crown every day for a minimum period of 10 weeks unless he should be fit for work in a shorter time ;

(c) if the insured person be an agricultural servant, he cannot exact from his employer a daily allowance of a crown, but in that case the employer must pay for 13 weeks, that is three months, unless the servant should recover in a shorter time, the full wages agreed upon, the allowance to which the insured person has a claim, and even supply him with food if this has been provided for in their contract.

In paragraph 13 of the present order will be found the regulations according to which the Institute will reimburse the employer for the daily allowances made by him in the cases contemplated in (b) and (c).

(d) *The account of the employer's expenses.*

§ 13.

If the employer fulfil exactly the obligations imposed upon him by § 10, and according to b and c of § 11 and 12 and is not responsible for the accident, the Institute will reimburse him for the following expenses ;

(a) the sum for medical treatment fixed by the tariff according to § 44 of the Ministerial Order, No. 6,531/1902.

If the doctor of the Institute has asked and received a higher fee from the employer, the difference must be paid to the employer. By § 46 of the same order the same holds for the cost of medicines, dressings or hospital treatment.

(b) if the workman be insured, the total sum advanced as an allowance of a crown a day, to the amount of 70 crowns at the most.

To obtain such repayment, the employer must send the account of his expenses to the communal authority, that is, the municipal council or local committee, within 15 days after he himself has paid it.

To this account must be added :

(a) the proofs of the advances he has made for medical expenses, such as receipts for the fees of the doctor, and for the cost of medicaments, also the written diagnosis of the case, the account from the hospital, and the receipt showing that everything is in order.

(b) in the case of an insured agricultural labourer, the declaration of the injured man supported by witnesses that the accident was not caused by any fault of the employer, who during the whole time of his incapacitation has punctually allowed him a crown a day.

(c) in the case of an agricultural servant, the declaration of the injured man supported by that of witnesses that the accident was not caused by any fault of the employer, who during the whole time of his incapacitation has paid him his full wages and done everything stipulated in his contract.

Should the employer fail to fulfil the obligations imposed upon him by the law, as regards medical treatment or the payment of allowances, the injured man or his family must apply to the communal authority which, without loss of time, must examine the complaint and, if it is well founded, must arrange that the injured man shall be assisted directly by the Institute. Medical treatment will be supplied, and allowances paid by the Institute which will afterwards require from the defaulting employer reimbursement for all the expenses incurred in the case.

(e) Allowances in case of incapacitation through an accident.

§ 14.

When a person is invalided through an accident, the Institute pays him every month till he recovers, for more than 10 weeks, or 13 weeks, if he is a servant, an indemnity fixed according to letter c of § 9 of this order and based upon the diminished capacity for work caused by the accident.

In this case the member must present himself before the communal authority and prove his incapacitation or the diminution of his working power. Information must be given to the Institute which will then send the allowance to which he is entitled.

To prevent the injured person receiving the allowance when no longer entitled to it, the communal authority must inform the Institute of the date when he was able to resume work.

(f) Allowances in case of death caused by accident.

§ 15.

Should a person insured die through an accident, his consort, children who are of age and the guardian of the children who are minors, must, in order to obtain the allowances indicated in letter d of § 9 of the present law, present themselves before the communal authority with the extract from the register of death drawn up on unstamped paper.

If the deceased has left more than two children under 14 years of age, the fact must be certified and supported by copies of the register of their birth on unstamped paper, in order to secure a higher rate of allowance.

When a member dies without leaving consort or heirs, and has given no special directions as to funeral expenses, his nearest relative, by blood or by marriage, or the person who took care of him till his death, or who undertook the funeral expenses, alone can claim the sum allowed for such expenses. The communal authorities are officially obliged to furnish proofs that the death was or was not caused by the accident. When it has been proved that the claims of the above mentioned persons are well founded, the said authorities must send the proofs to the governing body of the Institute and state that the allowance may be paid, upon which the Institute will forward it to the communal authorities.

3. *The pension of members of the retiring section in case of incapacitation or of members of 65 years of age.*

§ 16.

If after having regularly paid his subscriptions for 10 years, a member of the retiring section should be permanently invalided without having met with an accident, he must be examined by the doctor of the Institute, who may be the doctor of the commune, or of the district or a special doctor of the Institute. To obtain the pension to which he is entitled according to letter *a* of § 1 of the present order, and for which he must pay two crowns according to § 33 of Law XVI of 1900, he must present himself before the communal authorities, municipal council, or local committee, with the medical certificate of his invalided condition and his certificate of membership. If a member of the retiring section be over 65 years of age, after having paid his subscriptions regularly for ten years he must, in order to obtain the pension to which he is entitled, present himself before the communal authority with a copy of the register of his birth on unstamped paper, or, in default of this, with some authentic document establishing his age, together with his certificate of membership.

On the recommendation of the said communal authority, the Institute will send the member every month his pension, the amount of which will be fixed according to the terms of letter *a* of § 1 of the present order.

4. *The indemnity to be paid to the members of the retiring group in case of death not caused by accident.*

§ 17.

When the death of a member of the retiring section has not been caused by an accident the consort, son or daughter, if of age, and the guardian of any minor child must present themselves to the communal author-

ities with the certificate of membership of the deceased, and the copy of the registration of his death, to obtain the pension fixed under letter *b* of § 1 of the present order.

Should the deceased have left children under 14 years of age, the fact must be proved by producing on unstamped paper copies of the registration of the births of the surviving children under the age of 14 in order to bring up the pension to 100 crowns in the case of its being less than that sum.

When a member has died without leaving consort or heirs, no one but the next of kin, or the person who has cared for him till his death or has advanced the money for the funeral or who has made himself responsible for it, may claim the allowance for the funeral expenses, unless the deceased has left special directions on the subject.

When such persons have given proof of their claim, the communal authority informs the Institute, sending the proofs at the same time, upon which the Institute sends to the communal authority the allowance to be divided among the claimants.

CHAPTER III.

Management of the Institute.

§ 18.

The regulations of Chapter IV of the ministerial order No. 6, 531/1902 as to the management of the Institute all remain in force with the complementary provision. They are applicable to the members of the retiring section.

The Ministry exonerates the governing body the Institute from the obligation to draw up individual certificates for agricultural servants. At the request of an employer insuring at his own expense a large number of agricultural servants in the retiring section, the Institute may, by means of special documents, obtain, in advance, from the said employer, the payment of the whole sum due from him for the year, give him a receipt for it and receive directly from him the notifications of new agricultural servants to be insured.

This provision does not affect that of the last sentence of § 1 of Law VIII of 1912, by which employers cannot insure their agricultural servants in the retiring section with the reservation that the subscription

paid for a servant leaving their employment may be transferred to his substitute.

Besides this, and in every case, the contribution of 120 fillers specified in § 8 of Law XVI of 1900 must be paid for agricultural servants insured in the retiring section.

The Institute is authorised, if necessary, to print and circulate documents of the kind indicated in the complement of the legislative orders, and specified in the ministerial order No. 6,531/1902.

RECENT NEWS.

Eleventh Year of the Farmers' Insurance Association in Hungary. — *A Gazdák Biztosító Szövetkezete tizenegyedik üzletéve.* — This association was established at the time when insurance societies suddenly raised their tariffs so as to secure exorbitant gains. On the initiative of Count Alexander Károlyi, the farmers combined to make head against these societies. Accepting the proposal of Edmond de Miklós, this society was established eleven years ago. At the present time, the total amount of its initial capital and share capital is 2,500,000 crowns; and that of the reserve fund 2,600,000 crowns, so that the association has now an insurance fund of more than 5,000,000 crowns. These are data proving that hopes for the future of such an institution are well founded.

The results of hail insurance last year have been favourable above those of every other branch. In this department the Society realised 1,204,307 crowns, and has only had to pay 306,295 crowns in compensation for damages caused by hail. Agricultural fire insurance furnished yet higher figures, for the receipts in this branch amounted to 3,665,169 crowns against a sum of 1,589,061 crowns paid in compensation. These two branches had produced, at the close of the year, 143,371 crowns more than in the preceding year, and this allowed the association to distribute amongst its members insured against hail last year, a sum corresponding to 5 % on their premiums. The Society has, under this head, repaid insured farmers this year a sum of 54,983 crowns. During this eleventh year of its existence, the society has had a floating capital of 6,500,000 cr.

Besides insurance against damages due to natural causes, this association has begun to transact life insurance business among small proprietors. The receipts in this new branch reached half a million crowns, and only 82,181 crowns were paid out. In this department the association has a reserve of 1,088,790 crowns and realised profits to the amount of 5,000 crowns above those of the preceding year.

The total profits of the institution were 150,000 crowns more than in the last year, larger profits than it had ever previously obtained. But more important is the fact that farmers have more and more confidence in the society, and the number of those it insures increases every year.

PART III.

CREDIT.

CREDIT

ARGENTINA.

RECENT NEWS.

Institutions for Agricultural and Land Credit.

1. — “ **El Hogar Argentino** ” Bank. — The limited-liability co-operative society founded at Buenos-Ayres in 1899, under the above title for the exercise of land credit, made some changes in its rules in 1911. We judge it desirable to offer a sketch of its constitution before giving particulars of its working.

Its principal object is to facilitate the obtaining on credit of sums for the purchase of land or for the building of houses.

It may specially act as follows ;

(1) Making money loans secured on mortgage; (2) Buying houses to sell again in the same condition or rebuilt. (3) Buying land to sell again in the same condition or with buildings erected ; (4) Administering property and receiveing rents on behalf of a third party; (5) Making loans to the extent of 50 % of its capital ; (6) Issuing bonds both in the country and abroad, in conformity with Article 365 of the Commercial Code and those following; (7) Constituting and granting solid rights on the real estate of the Bank : (8) Carrying out other operations, if not contrary to the laws of the country, in accordance with the aims of the society and always on real security.

To obtain loans from this Bank, applicants must offer for mortgage landed property yielding revenue free of any charges whatever. The title-deeds of the property must be deposited with the society. The liability of persons receiving loans from the “ *Hogar Argentino* ” extends to all their possessions, both present and future. For mortgage loans above 100,000 pesos, the approval of at least 6 of the 10 directors is required.

Loans on mortgage security are of short or long duration. When long, repayment is permitted by means of participation in the profits of the society or any other system.

Repayment by means of participation in the profits of the society is made on delivery to the borrower of the certificates of participation, the nominal amount of which is equal to the sum lent. Each of these certificates represents the nominal value of 250 pesos m/n c/l (national money in legal currency [1]) and they are divided in three classes A, B and C. For class A payment is made by monthly instalments in advance, of one peso; for class B of 50 centavos and for class C of 25 centavos. These certificates entitle the holder to a share in the annual profits in the proportion fixed by the rules; the annual dividend corresponding to the certificates accumulates along with the monthly instalments. The joint capital is constituted thus. — (1) by the sums received from holders of ordinary or preference shares; (2) - by the profits accumulating on ordinary shares. The minimum of paid up capital is fixed at 40 million pesos m/n c/l. Preference shares constitute the permanent capital of the society, and consequently they cannot be withdrawn as long as the society is not in liquidation. Ordinary shares form the floating capital of the society, and are divided into two classes, A and B, payable in monthly instalments. The profits as shown in the annual balance sheet are divided as follows; 85 % to preference shares, but to ordinary shares and to those of participation in proportion to the sums paid: 4 % to the ordinary reserve fund; 6 % to the special reserve fund to the amount of 20 % of the working capital; 4 % to members of the Board of Management and Syndics in proportion to the number of times they have been present at the meetings of the Board of Management: 1 % to the fund for pensions to the Bank employés.

In examining the report of this bank, we find that in the course of the year ending 31st August, 1911, it made mortgage loans to the value of \$ 19,683,256 m/n whilst the total of loans guaranteed on mortgage amounted to \$ 49,792,304.

The capital subscribed was \$ 113,797,750, of which \$ 40,118,083 was paid up. At the same date, the reserve fund was \$ 638,965. The balance-sheet accounted for a total of \$ 189,247,940 legal tender.

The profits realised represented \$ 5,132,802 of which \$ 4,905,607 were distributed according to the above rules.

(Summarised from the Report, for the year ending 31st. of August, 1911, of the Bank, *El Hogar Argentino*).

(1) A peso m/n is equal to 2.20 francs.

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2. — **Foundation of the Belgian Land Credit Society.** — At Antwerp, on the 28th. February, 1912, a company was established with the object of granting loans in money on mortgages and carrying on all transactions connected therewith in all countries, but more especially in Latin America.

The capital, of 6 millions, is represented by 6,000 ordinary shares of 1,000 francs each, 20 per cent paid up. To the subscribers and to the founders of the company 15,000 founders' shares are allotted without specification of value. The Board of Management is authorised to increase the capital to 12 millions by issuing preference or ordinary shares. Should preference shares be issued, they will have the advantage of a fixed rate of interest which must not exceed 6 % and it may be stipulated that they shall be repaid above par, but the premium must not exceed 10 % of the nominal value. The Board of Management may also issue bonds to the amount of three times the capital at the time of issuing.

The profits shown in the balance sheet on the 31st December of each year — and the first balance sheet will be closed in 1913 — will be thus divided : 5 % to the reserve fund ; the sum that may be judged necessary to pay interest on the preference shares ; a first dividend of 5 % on ordinary shares in proportion to the amounts paid up ; 15 % of the remainder will be assigned to the board, and 5 % will go to remunerate certain services ; 50 % of the remaining funds will be assigned to ordinary shares and 50 % to the founders' shares after a deduction, the amount of which will be fixed by the meeting, for the extraordinary reserve fund.

(Summarised from a Communication which appeared in the *Moniteur des Intérêts matériels* of March 22nd., 1912).

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3. — **Belgian American Mortgage Society.** — We have already spoken of this society, founded at Brussels in November, 1898 in our article on rural land credit in the Argentine Republic. (See our number for August, 1911).

It may interest the reader to have some information as to its constitution, with the amendments made in its rules.

The principal object of this limited liability society is to make, on its own account or for other persons, in all countries, but especially in South America, loans and advances of capital and open credit on mortgage securities for them.

Should such transactions not absorb all its available funds, the society may make loans on personal property or on any other security,

pledge or guarantee, as it may also acquire an interest in any other enterprise similar to itself by contributions, loans, purchase of shares or bonds.

The society may buy or alienate lands mortgaged in its favour, besides the land required for its own offices, and may purchase subject to vendors' right of repurchase etc. In exceptional cases, either as a result of, or for the purpose of, completion of one or other of the above-named transactions, the society may, with the funds at its disposal, agree to loans on only the personal guarantee of the borrower.

The Society must come to an end on the 27th. February, 1939, unless previously dissolved, or unless renewed.

The share capital is fixed at 18 millions of francs, divided into 18,000 shares of 1,000 francs each. There are, besides, 1,200 shares with variable dividend payable to bearer, the value of which is not specified. Every year, at the beginning of May, the General Meeting passes the accounts. The profits after the deduction of the amount for repayment of loans, shall be divided as follows: a sum shall first be deducted to form the reserve fund required by law, then another for payment of a first dividend of 5 % on the paid up shares; 2 per cent of the surplus shall be paid to each member of the Board of Management, $\frac{2}{3}$ per cent to each commissioner and the remainder shall be divided among the shareholders in the proportion of $\frac{7}{8}$ ths for shares with fixed dividend and $\frac{1}{8}$ th for shares with variable dividend. If considered necessary by the Board of Management, an extraordinary reserve fund may be formed with amounts deducted immediately after those for the board and the commissioners. The Society is managed by a board composed of from 7 to 11 members under the supervision of six commissioners elected for six years. At least two members of the board and two commissioners must reside in the Argentine Republic. Each member of the board must deposit as guarantee 50 purchased shares.

The Board of Management has the most ample powers in everything not expressly reserved for the decision of the general meeting. The meeting has the right of issuing, under whatever conditions it may consider most favorable, mortgage or other bonds to an amount which must not exceed twice the share capital.

The commissioners, who must deposit as guarantee 20 shares, have unlimited control and supervision over all the transactions of the society.

Let us now see the position of this society, according to the balance-sheets of 1909 and 1910.

On the 31st., December, 1910 there were 9,743 paid up shares, payable to bearer. On the other 8,257 shares, 1,651,400 francs had been paid up, leaving a capital of 6,605,600 francs. At the same date, loans on mortgage security had been made to the amount of 55,421,800 francs against 49,796,797

francs in the preceding year. The legal reserve amounted to 351,959 francs, (against 279,815 francs in 1909) and the extraordinary reserve to 1,950,000 francs (against 1,621,945 francs in 1909).

In proportion to the business done, which was 65,990,798 frs in 1910, and 69,723,657 frs in 1909 the shareholders received

	In 1909 francs	In 1910 francs
Per share with fixed dividend entirely paid up. .	70.00	77.00
» » paid up to 200 frs.	38.00	45.00
» share with variable dividend	60.00	75.00

(Summarised from the Rules and Accounts of the Belgian American Mortgage Society).

* * *

4. — Land Credit Institute of Buenos-Ayres and the Argentine Provinces.

— Under this title, on the 13th. of September, 1910, a French limited liability society was formed in Paris with a capital of 6,250,000 francs, divided into 12,500 shares of 500 francs each, paid up in cash. The rules, were definitely determined at the second general meeting, held 27th. September, 1910. The Society was legally authorised on the 27th of February, 1911, to carry on business in the Argentine Republic and at the same date its officer at Buenos-Ayres received legal recognition from the Argentine Government. Its shares and bonds have been officially admitted to quotation on the Paris Exchange since the 27th. December, 1911.

We have already mentioned this Institute among the French establishments for Land credit in the Argentine Republic (1), but its first report has only recently appeared.

Its chief aim is, to transact on its own account or in participation or for others, in the Argentine Republic, all descriptions of business connected with mortgages and advances on mortgage security, such as:

1. — to grant loans to owners of land on mortgages for long or short terms redeemable by annual payments or in any other manner and to open current accounts on mortgage

2. — to acquire, subscribe, discount, accept as security and alienate all bonds or bills secured on mortgage and make loans on such.

3. — acquire by auction or mutual agreement landed property necessary for its establishment and mortgaged property for its own profit as well as any other real estate which would augment the value of mortgages either already acquired, or which would facilitate acquisition, and to proceed in the same way to the alienation of the said property ;

(1) *Bull. of Ec. and Soc. Intelligence* 1911. No. 8 (August), p. 189.

4. — to treat with insurance societies either *established* or *represented in the Country* in order to facilitate the liberation of borrowers from their engagements.

5. — to make loans — even without mortgage but guaranteed by tax or revenue regularly entered in the Budget — to the Federal Government, the provincial States and municipal bodies, etc ;

6. — to issue bonds both at home and abroad for long or short terms, redeemable either with or without premium ; for these any security may be given, even mortgages. When the bonds are on lands the net profit etc, if realised, may only be employed in mortgage or other real estate transactions.

As to loans, the Society only grants them on a first mortgage ; as a general rule, the amount of a loan must not exceed half the value of the property mortgaged. Yet in exceptional cases the Society may lend more than half, but may not exceed the maximum limit of 90 % of the value of the mortgaged land. In the case of the property being burdened by several mortgages, the Society lends only on condition of being placed in the first rank of creditors.

The Society is managed by a Board composed of from 8 to 16 members, each of whom must be a holder of 50 shares during the time of his whole tenure of office. These shares, taken as a total, stand for a guarantee for the acts of the Council. The members are elected for six years except in the following cases : the first council which will be appointed by the General Meeting will remain in office until the General Meeting assembles in 1916 and appoints an entirely new board. Then, every year, certain members will retire, as no member may hold office longer than six years. Every year, the Board elects from among its members a President, resident in Paris, and two Vice-Presidents, resident in Buenos-Ayres.

This board of management has the fullest power to act in the name of the Society, to perform and authorise all the acts and transactions connected with its object as well as the management and administration of its affairs. It has the following powers, namely ; — to authorise all loans, credits and mortgage advances under such conditions as it may approve ; to grant renewals to decide on and execute every other operation within the scope of the Society and according to its rules. It orders all withdrawals, transfers, alienation of funds, rents, profits and securities whatever, appertaining to the Society with or without guarantee ; it borrows with or without mortgage, and under all forms, sums necessary for the working of the Society, the extent of borrowing being limited to three times the nominal amount of the share capital, that is to three times 6,250,000 or 18,750,000 francs : it authorises the establishment of branches, buys, transfers, sells and exchanges all kinds of personal property and claims and

all real estate and claims ; it represents the Society with outsiders, with all public bodies etc.

The shares subscribed for 12,500 shares of 500 francs each, stand in the name of the buyer until completely paid up ; certificates of paid up shares are payable to the person named therein or to bearer according to the choice of the share-holder, who is not liable beyond the amount of the shares he possesses ; beyond this no call is permitted.

The distribution of profits (1) is fixed as follows :

(1) — a minimum of 5 % is first taken for the formation of the legal reserve until this reserve reach the tenth part of the share capital ;

2) — next a sum is deducted sufficient to pay 6 % on the shares paid up but not repaid, in the form of interest or a first dividend, but should the profits of one year be insufficient for these payments, the shareholders may claim it from the profits of the next year.

(3) — 20 % is handed over to the Board of Management which gives half to the Buenos-Ayres Committee. Then the General Meeting fixes, on recommendation of the board, a sum to be added to the reserve fund or supplementary thrift fund.

(4) — The remainder is thus allotted : 75 % on shares in proportion to the amounts paid up : 25 % to the founders' shares (2).

Examination of the accounts of the Society shows that in the period of its first 15 months, ending 31st. December, 1911, it had granted mortgage loans to the value of 22,814,870 francs. These loans numbered 864, of which 97 amounting to 2,741,920 francs had been repaid ; there remain, consequently, 767 mortgage loans current, amounting to the sum of 20,072,950 francs.

Deductions being made as follows — 1st partial repayments amounting to 982,536.35 francs, 2nd deferred payments on loans for building purposes, representing 2,012,840 francs — we see that the effective amount of the mortgage credit of the Society on the 31st December, 1911 was 17,077,573.65 francs.

(1) Profits are thus defined (Art. 46). The net proceeds, deduction being made of every charge and all payments towards extinction of debt and previous deductions in favour of reserve funds, which the Council judges necessary for the Society, constitute the profits.

(2) To represent the claim to profits allowed by the rules (art. 48) to founders' shares, 10,000 warrants to bearer without nominal value have been issued, each giving a right to 10/1,000 ths of the said portion of the profits. In case of redemption of 10,000 founders' shares—which may be made by the Council at a price equal to 20 times the net average dividend these shares might have received during the three last years, — the total of the remainder of the profits will be divided among the share-holders.

These loans have been made on first mortgage and the estimated value of real estate mortgaged brings up the average proportion of the loans granted, repayments being deducted, to 45.30 % of this amount.

The loans were distributed thus :

703	loans	of less than			50,000 francs
34	»	»	from	50,000	to 100,000 »
26	»	»	»	100,000	to 500,000 »
4	»	»	«	500,000	to 700,000 »

The mortgaged estate is situated :

In the city of Buenos-Ayres : 601 loans amounting to 15,697,520 fr.

» » province of » » 164 » » 4,214,830 »

» other provinces 2 » » 160,600 »

Total 767 20,072,950 fr.

The subscribed capital amounted to 6,250,000 francs, of which only a quarter had been paid, and in October, 1910, 20,000 bonds at 5 % had been issued representing 10,000,000 francs which brings up the resources of the society to a total of about 15 ½ millions of francs. The reserve, as shown by the accounts, is 32,222,557 francs. The gross profits of the transactions represent 1,736,089.22 francs. After deducting the amount of expenses, the net profits remaining amount to 810,693.31 francs ; adding to this sum the interest of 5 % paid by a certain number of share-holders in order to antedate the liberation of their shares, 31st. December, 1910 instead of 30th. September 1911, that is, 58,390 francs, the net profits rise to 869,083.31 francs. Subtracting from this sum 216,265.80 francs for the repayment of debts on personal estate and expenses of installation etc. and 322,225.57 for the reserve fund, the net profits to be divided amount to 330,591.94 francs, from which must be subtracted 5 % for the legal reserve (art. 46).

There was thus a surplus of 314,062.34 which permitted the payment of a dividend corresponding to 5 % of the share capital, that is, 6,250,000 francs, so that the holders of paid up shares on the 31st. of December, 1910 (1) received 26.56 francs, those who had paid the second quarter on the 30th of June, 1911 and the balance on the 30th September have received the gross sum of 14.06 francs.

(1) The reason for this repayment by the shareholders was that the negotiable paper of the Society could not be officially admitted to quotation on the Paris Exchange except on this condition.

The report presented by the Board of Management to the extraordinary General Meeting of the 31st. of May, 1912 proves that the Board had contemplated from November, 1911 the issue of the balance of 18,750,000 francs (that is 8,750,000 francs, for 10,000,000 had already been issued). The Board came to an understanding with the bankers for this issue at the beginning of the year 1912. In consequence of this issue (which does not appear in the accounts) the borrowing power of the society limited by its rules to three times the nominal amount of the share capital, was exhausted. In order to extend its borrowing power in the future, the Council proposed to the General Meeting an increase of the share capital by 6,250,000 francs, which would double the existing capital. The Meeting unanimously approved the issue of 12,500 shares, of 500 francs each, to be paid for in cash.

(Summarised from the Rules and Report of 31st. December, 1911 of the Land Credit Institute of Buenos-Ayres and the Argentine Provinces).

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5. — **Bank of the Province of Buenos-Ayres.** — The present organisation of this bank (1) dates from a contract made on December 5th., 1905 between the Government of the Province of Buenos-Ayres and the Hispano-Argentine Commercial Bank. This last named bank and the Government of the Province both contributed to the establishment of the Bank of the Province of Buenos-Ayres, each paying half of the subscribed capital of 20,000,000 m/n (2). The Government of the Province gave in payment of the 10,000,000 m/n an equal amount in Government stock at 4 % and 1 % sinking fund; the other half of the 20,000,000 m/n was paid by the shareholders of the Hispano-Argentine Commercial Bank, which was in consequence incorporated with the Provincial Bank. The Government received an indivisible and nominal bond representing the subscribed shares, and the shareholders received certificates payable to bearer, of the value of 100 pesos each.

The Bank may invest the public funds received from the Government, and it enjoys the privilege of receiving in deposit gratuitously funds belonging to provincial administrations, and schools, and amounts deposited in the law-courts.

The Bank which, according to contract, cannot make loans either to the Government or to any other public administration, has, according to the terms of its contract § II, opened with the Government of the province of Buenos-Ayres a credit not exceeding 15 % of the capital of the Bank.

(1) See *Bulletin of Economic and Social Intelligence*, August, 1911, no. 8. p. 184.

(2) 1 peso m/n (national money) is equal to 2.20 frs.

It has been found necessary to open branches in the Province of Buenos-Ayres and to divide the profits as follows ;

14 % to the reserve fund to the amount of 50 % of the capital ;

6 % to be shared among the President, the Boards of Management and the Syndic ;

80 % to be shared between the Government and the shareholders in proportion to payments made.

This bank must serve as a medium for the Government in business of exchange, and other business of the kind ; it cannot effect loans on mortgage security, nor purchase property, except such as it requires for its own use.

This contract, established by referendum on the 5th. December, 1905, was approved on the 30th. January, 1906 by the ordinary general meeting of the shareholders of the Hispano-Argentine Commercial Bank, and by the Senate and Chamber of Deputies by law of 2nd March, 1906. It must be observed that at that date the Bank, by the terms of the contract § 11, could not grant loans on mortgage securities. It began operations at once, and, on the 17th. November, 1908, its capital was by law raised to 50,000,000 m/n. and the Government paid 15,000,000 m/n, half of the increased amount (30,000,000), the other half being paid by the shareholders of the Hispano Argentine Bank. By virtue of the same law § 1, paragraph 4 and § 5, the Government allows its profits to accumulate so as to form a special reserve fund (*Riserva especial del Superior Gobierno*) which, when it reaches the sum of 10 millions m/n, may be used for a future increase of the Government capital.

Two years later the Government and the Provincial Bank of Buenos-Ayres agreed to establish a department of mortgage credit in the Bank. This agreement sanctioned by the Government on the 23rd. June, 1910, permitted the Bank in extension of the liberty granted by the first contract, (1) to issue mortgage bonds payable to bearer, in m/n; (2) to grant loans in silver, gold, or national money or in mortgage bonds payable to bearer, for long or short periods with or without repayment by annuities but guaranteed on first mortgage ; (3) to issue bonds at home or abroad in gold or in national money guaranteed on mortgage; (4) to establish savings-banks.

The Executive authorities of the Government of the province of Buenos-Ayres issued shares in Government stock within or without the province to the amount of 10,080,000 m/n in gold. (1). The sums realised will be thus appropriated ; 1st, to serve to repay the loan authorised by the law of the 2nd. March, 1906; 2nd. to complete the Government

(1) One peso of gold is equivalent to 5 francs.

capital according to the law of the 17th. November, 1908 (1). When the issue of shares in Government stock of the Province of Buenos-Ayres shall be effected, the Bank may set apart a maximum of 20 % of its realised capital for loans on mortgage security. Mortgages effected by the Bank and only on property within the province of Buenos-Ayres should be exempt from all duty, and of higher value than 5 %.

The bank may also issue mortgage bonds which however must not exceed the amount of the mortgages, and by art. 15 the Bank will have power to issue these bonds to the amount of 100,000,000 m/n and this sum may even be increased with the sanction of the Executive Authorities. Loans exceeding 10,000 m/n will be liable to duties from which those of less amount will be exonerated.

The *Department of Mortgage Credit* in this Bank began work on the 1st. February, 1911. On the 8th. March the first loan was granted, and on the 20th May the first mortgage bonds were issued. These were issued at 6 % with 1 % sinking fund, and according to the expression in the returns of the Board of Management presented at the sixth ordinary general meeting they have been accepted by the public as a safe and advantageous investment. On the Buenos-Ayres Exchange they have hitherto been quoted at an average of 96 %. Nevertheless, in practice the Council has found many defects in the law of the 23rd. June, 1910; and new proposals with a view to remedying them will be submitted to the meeting of shareholders. During the year 1911, the Bank granted 1,023 loans in silver to the value of 5,213,700 m/n equivalent to 11,470,149 francs, and 123 loans on mortgage bonds, representing 3,114,300 m/n equivalent to 6,851,460 francs. These figures show that the Bank has for the most part favoured small proprietors.

The profits accruing from *all* these transactions (of which the mortgage loans have hitherto formed only the least important part) have been thus divided, according to art. 10 of the rules and to no. 9 of art. 1 of the law of the 17th. November, 1908, regarding the increase of the capital :

80 %	to Shareholders	4,822,144.75 m/n
14 %	to the Reserve Fund	843,875.33 "
6 %	to the Board of Management.	150,000.00 "

5,816,020.08 m/n

A sum of 383,978.31 m/n remains to be carried forward to the next year's accounts.

(Summarised from the *Carta Organica y Leys sobre aumento de capital y creación de la ración. "Crédito Hipotecario"* and the "*Memoria y Balance general correspondiente al ejercicio recibido el 31 de Diciembre de 1911*").

(1) Carta organica de la Banco de la Provincia de Buenos Ayres. La Plata, 1911, pp, 27-28, §§ 5, 6 and 7.

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6. — **Sociedad Crédito Territorial de Santa Fé (1).** — This is a limited liability society, established on the 1st. June, 1896 at Santa Fé (Argentine Republic). Its chief purpose is (a) to buy the « carta organica » of the Banque de Crédito Territorial y Agrícola de Santa Fé as well as its assets and liabilities as decided by agreement with the creditors ; (b) to conform eventually to the laws of the province of Santa Fé of October 11th, 1886, and of September 21st, 1895, and especially to clause 7 which refers to the issue of bonds ; (c) to establish agricultural enterprises, saw-mills etc ; (d) to buy, sell, hire and administer town and country property, and to carry on all kinds of commercial and financial personal and real estate business ; (e) to establish or to share in supplementary societies directly or indirectly facilitating its work.

This Society is founded for forty years, dating from June 1st., 1896, and its share capital originally of 20 millions, has been reduced by the General Meeting of 12th. August, 1904, to the present amount, 6,800,000 m/n., divided into 68,000 shares of 100 m/n each, all paid up. (2) According to the contract of the former bank of Crédito Territorial y Agrícola de Santa Fé, these shares have been divided between the shareholders and holders of bonds of this bank.

According to the compact between them; the company, has, in taking possession of the *carta organica*, guaranteed all the obligations and responsibilities undertaken by the bank, as well as its liabilities ; the bank has handed over to the Society its *carta organica*, its personal and real property, rights, credit of every kind, shares etc.

The shares are payable to bearer or are personal, but they are indivisible, and the Society recognises only one proprietor. The shareholders are liable only to the amount of their shares. The Society is under the management of a Board, composed of not fewer than four members and not more than seven, elected by the General Meeting, holding office for three years, and eligible for re-election. Among the powers of the Council may be mentioned the following ; (1) to decide as to applications for loans or discount, and to fix the respective guarantees ; (2) to give, accept, and pay all guarantees, mortgages, pledges or securities ; (3) to decide as to the investment of the reserve or other funds of the Society ; (4) to borrow on the guarantee of personal or real estate ; (5) to propose to the meeting the issue of bonds etc.

(1) See *Bulletin of Economic and Social Intelligence*. No. 8, 1911, p. 191.

(2) See *Memoria por el decimo cuarto Ejercicio 1910*. Santa Fé 1911 pp. 24-25.

The Ordinary General Meeting has power :

- (a) to discuss, approve, or modify the balance-sheets etc, presented by the board ;
- (b) to determine the investment of the profits ;
- (c) to nominate the members of the board, syndics etc. The Extraordinary General Meeting has power to decide as to (a) the dissolution of the company ;
- (b) the renewal of its term ;
- (c) its amalgamation with another society ;
- (d) the reduction of its capital ;
- (e) the reintegration or augmentation of capital ;
- (f) change of purpose of the company ;
- (g) amendment of the rules.

The net profits of the company will be thus divided according to art. 54:

93 %	to the Shareholders
5 %	to the Board of Management
2 %	to the Reserve Fund

To give an idea of the work of this society we have extracted the following data from the last report (1910) presented at the General Meeting.

The land sold or transferred during the year 1910 amounted to 28,745 hectares and represented \$ 607,409.60 c/l. Of this sum, \$ 154,532.92 c/l had been collected ; and \$ 393,718.33 c/l spent in mortgages. Only \$ 14,428.05 c/l remained to be collected, for \$ 44,729.80 c/l represented the value of the property handed over to the « Irene » Society.

As to mortgage loans and annual instalments the position is as follows: the total amount of the loans in national money during the year 1910 was \$ 710,618.83 c/l, of which \$ 312,900 in bills and \$ 397,718.83 c/l derived from the sale of property of various kinds; to these must be added the total sum of the loans realised in gold: \$ 681,992.00 %.

The repayment of the loans made in bills represents \$ 741,408 c/l and thus the sinking fund rate is about 20 %, proving that the loans are for relatively short terms, (5 to 10 years). The repayments of loans effected in gold amounted to \$ 214,963.11 %.

On the 31st. December, 1910, the total amount of loans in bills was \$ 3,543,895.22 c/l and that of loans in gold was \$ 1,307.31 %, that is about 15 millions of francs in all. In comparison with 1909, the loans in paper had diminished by \$ 30,70917 c/l and the loans in gold had increased by \$ 467,028.89 %.

The amount of the annual instalments to be paid had increased as regards loans in bills by \$ 4,260.64 c/l and had diminished as regards loans in gold by \$ 19,585.14 %.

On the authority of the General Meeting of shareholders of the 26th June, 1899, in 1900, the society issued 100,000 *lettres de gage*, of the value of 100 francs each, at 5 % interest, representing a total of 10,000,000 francs, of which 3,334,600 frs had been repaid by the 31st. December, 1910. But the Board of Management requested authority to issue 16,000 certificates of 500 frs each, that is \$ 100 $\frac{1}{2}$, equivalent to a total amount of 8,000,000 frs, to be used for loans on mortgage bringing the total amount of bonds up to 14,665,400 frs. (1)

The net profits (\$ 884,540.33 c/l) have been thus distributed :

93 % to Shareholders	408,000.00 c/l
2 % to the Reserve F.	8,774.00 »
5 % to the Board of Management	21,835.50 »
	<hr/>
	438,709.70 c/l
Balance carried over to the next year	445,830.63 »
	<hr/>
	\$ 884,540.33 c/l

(1) According to the Argentine commercial code § 365, the legal limit is 15,000,000 equivalent to the share capital (now 6,800,000 m/n).

CREDIT

SPAIN.

CURRENT QUESTIONS.

Problems of Rural Land Credit and the " Banco Hipotecario de España „.

Sources:

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b) *Other Publications :*

1. Federación Agrícola Catalana Balear. Banco Nacional Agrario (*National Agricultural Bank*). Barcelona, Montferrat. 1912.
2. E. T. BROWN : Farming in Spain. Journal of the Board of Agriculture, London, November, 1911.
3. JOSÉ ELIAS DE MOLINS : La Crisis en España (*The Crisis in Spain*). Barcelona, 1904.
4. IXth International Congress of Agriculture, held at Madrid, May 1st.-7th, 1911. Madrid. Rodriguez. 1912. See the communications of COUNT IMBART DE LA TOUR, J. ZULUETA, JOSÉ SANZ SOLER, etc. on the Conditions of Agriculture and on State Intervention for Irrigation Works.
5. LUIS GARCIA GUIJARRO. Bases del derecho inmobiliario (*The Foundations of the Law on Real Estate*). Madrid, Suarez, 1911.
6. RAFAEL RAMOS : El Crédito agrícola (*Agricultural Credit*). Cartagena, 1903.
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§ 1. *Agriculture and the Money Market in Spain.*

It is difficult to give a general synthetic idea of the conditions of Spanish agriculture, because the economic conditions and conditions of cultivation are very different in different provinces. This diversity of circumstances makes it possible for some authors to affirm, even if with evident exaggeration, that in some provinces the soil is less productive than it was in the days of the Roman or Moorish dominion and that the methods of agriculture show little or no advance upon those in use among the Carthaginians, who were masters of Spain between 238 and 200 B. C.; and at the same time for us to read the enthusiastic words of Jules Méline, in his inaugural address at the IXth International Congress of Agriculture, held at Madrid in May, 1911 :

" This beautiful and noble country, has, in agriculture, as in everything, a real originality, a character quite its own, a special impress. Through the richness and fertility of its soil, carefully irrigated by means of a superb network of canals, Spain offers one of the most interesting and instructive fields of study. It is here one must come to see the true, the magnificent South of Europe, where the burning sun of Africa is found together with the sweet freshness of Europe. In this generous soil there is rooted an energetic, intelligent and sober race, as it were a selection from many races, the native vigour of which transmitted from generation to generation has made the Spanish people one of the proudest and one of the most attractive in Europe. Under the incentive and the protection of a sovereign, who, by his liberal, elect mind, is so profoundly penetrated with the requirements of modern life and has long understood that the first office of Governments is a ceaseless devotion to the advancement of the public welfare, Spanish agriculture has, above all in recent years, made considerable progress, nor certainly will it be arrested in so good a course."

These varying conditions of agriculture in the several provinces of one country, which might be all fertile, the result of historical, economic and ethnographical conditions, cannot be said to be exclusively characteristic of Spain. The same situation is observable in many other countries of Europe., particularly of Southern Europe. The same contrast of conditions may be found to a remarkable degree, for example, in Italy, where there is an immense difference between the productiveness of Lombardy rendered fruitful by a marvellous system of irrigation, the result of patient human labour through centuries, and the wise investment of large capital, and that of the Southern lands, parched by the sun, deprived of their water-

supply by the ill-considered destruction of forests, the regulators of the streams, not turned to account, as the fruitfulness of the soil would permit, by intelligent investment of money.

In Spain, in a total area of 50,451,688 hectares, according to official statistics, relating, however, to the agricultural returns for various years from 1908 to 1911, the productive area was 45,595,000 ha., the unproductive 4,856,688 ha. The provinces in which agriculture is most advanced are those of the East and South. In the East, Valencia and Catalonia are mentioned. There, the valleys are to a large extent traversed by irrigating canals and the hillsides suitably prepared for cultivation. In neither of these two provinces would the soil be fruitful if nature had not been aided by the industrious labour of the population, who, availing themselves of the rivers flowing from New Castille, and the numerous streams descending from the local mountains, as well as the mountain torrents of the Pyrenees, have made Valencia and Catalonia two of the most fertile regions of Spain. In the Basque Provinces and Galicia the area cultivated is not less than in the above provinces but there were not such great difficulties to be overcome.

Almost continuous with this belt of territory on the East Coast of Spain we find the Southern Provinces (Upper Andalusia, Granada and Seville), which may be considered as among the most fertile in the world. There abound olives, vines, oranges, lemons; the sugarcane flourishes near Malaga; rice and grapes bear very well, while large areas are cultivated with cotton.

On the other hand, the least fertile regions, with the exception of Aragon and Estremadura, are found to the South and East of New Castille, in Lower Andalusia, which is marshy, and in the lower region of the Guadalquivir Valley, with sandy tracts, the "*arena gorda*," in the district between that river and Rio Tinto.

Except in the province of Leon and in those along the shores of the Bay of Biscay and the Atlantic, irrigation is absolutely necessary for agriculture. The unequal distribution of the rains, extremely rare in summer, and their too rapid evaporation, impose the necessity of a network of canals for the irrigation of these lands. The importance of the matter is strongly felt in Spain and on many sides Government is urged to intervene to make provision for irrigation which would greatly improve the conditions of the National Agriculture. But in addition to the action of the State, it is necessary, as agricultural technique and the experience of other countries show, that private individuals should assist with large sums of money, in order to effect the required improvements in the condition of the soil. But, as we shall have occasion several times to point out, it is precisely capital that Spanish agriculture lacks.

The exact financial situation of Spain cannot be shown, for want of official statistics. There are estimates made by private persons of the amount of capital invested in this country, especially as regards industrial investments. According to calculations made by the *Revista de Economía y Hacienda*, which, for the sake of brevity, we shall not give in detail, the capital invested in Spain in 1910 amounted to 6 or 7 milliards and of this about three milliards was foreign capital. It is, however, well to note that a certain proportion of Spanish capital annually leaves the country to find investments in Latin America ; it is calculated that about 500 millions of pesetas are invested in Argentine securities. In other ways, it may again be argued that the available capital in Spain is not considerable. In 1910 the deposits in the Savings Banks amounted to 419,555,879 pesetas (1), taking into account the population, therefore, we have an average amount of 20 pesetas deposited per inhabitant : the insignificance of such a sum is better seen when we reflect that at the same date in England and France the deposits amounted to 122 frs., in Switzerland to 130 frs., in Italy to 102 frs., and in Prussia to 325 frs. If from these figures we cannot form a complete and certain idea of the financial situation of Spain, we can, however obtain many proofs, which receive confirmation from the opinion of practical men, by experience acquainted with the economic conditions of Spain, that in that country there is a want of capital.

To this deficiency, then, of money, we may in large part attribute the fact that the methods of Spanish agriculture have remained quite primitive in certain regions, notwithstanding the progress observed of late years.

All measures, however, resulting in the increased supply of capital for agriculture, while putting down usury and facilitating credit, will be efficacious means in the transformation of the systems of Spanish cultivation.

It must not however be thought, that in the provinces where the yield of the soil is least and the methods of cultivation most antiquated and primitive, the financial situation of the country suffices to explain the backward state of Spanish agriculture.

Several other circumstances of social character contribute to this effect : amongst these it will be enough to indicate the insufficient technical culture of the farmers and landholders and the want of elementary education among the peasants.

As far as concerns the technical knowledge of the farmers much indeed is to be hoped for from the future, in consequence of the important steps taken by the Government to improve the conditions of agriculture, which is one of the most important sources of the national wealth. We especially allude to the institution of several agricultural schools and the foundation

(1) The peseta (gold, 100 cent) = 1 franc.

of itinerant agricultural lecturerships. From the first, every year there issue experienced farmers who have learned theoretically and experimentally the methods and tendencies of modern agricultural science. And the beneficial influence of these technical farmers on the improvement of the systems of cultivation will appear more, both their direct influence, from the fact that some of them are at the head of agricultural undertakings, and their indirect influence, from the circumstance that many of them are entrusted with the diffusion, by means of lectures, in the country districts among the farmers, of instruction in the way to derive more abundant and better produce from the soil.

But another obstacle of no less importance is met with, in some regions, in the opposition to the extension of the use of machine ploughs in place of the quite primitive ones in use, insufficient for deep ploughing; of machinery, where the imperfect and slow labour of men and animals is still applied; of manures, where the fertility of the soil is kept at a low level by means of the archaic system of triennial rotation of crops. To the good will and the enlightened interest of some isolated farmers of the more backward provinces who could and would conform their systems of cultivation to the dictates of modern science, and avail themselves, for this work of transformation, of the important assistance credit affords, the great mass of the rural proletariat opposes itself superstitious, illiterate, incapable of abandoning patriarchal methods of cultivation in order to adapt themselves with ready minds to the modern technique which promotes the advance of agricultural industry and economy generally, and at the same time the economic and moral improvement of the peasants themselves.

That the want of education, and of civilization, among the labourers may be one of the obstacles to agricultural progress in certain regions of Spain, is confirmed by the experience of other countries, be they Russia or Italy, the Balkan lands or Egypt, which show us that in the regions where the illiteracy of the peasants is greatest, there the conditions of agriculture are worst, and the yield of the soil least.

We need not, therefore, hold that these three classes of conditions,—financial, technical and social—to which we have just referred in order to explain the present conditions of agriculture in certain regions of Spain are altogether inevitable. On the other hand, if it must be considered that a better organization of credit cannot render all the advantages it is capable of, without at the same time diffusing technical education and raising the moral and intellectual level of the peasants, it is also to be hoped that in the future larger financial assistance may be placed at the disposal of Spanish agriculture, because this source of beneficial renovation of the agricultural economy of the more backward regions of Spain will undoubtedly give rise to a movement for the elevation of the labouring classes and

incite to and prepare the way for the increased development of technical education among the farmers and rural proprietors.

§ 2. Rural Credit Problems in Spain.

The problems of rural credit, that have for some time been attracting the attention of the agricultural class, of students and political men, call for a speedy and radical solution, to change a state of things under which Spanish agriculture suffers.

These problems are of various kinds :

(a) *economic*, (b) *legal*, (c) *social*, (d) *financial*.

(a) The organization of credit by means of the provision of capital whether for long or for short terms, on pledge of personal estate, or on the security of a mortgage, will above all things restrict usury.

How serious are the losses to agriculture through the greed of the money lenders and what anxiety is occasioned by the practice of usury, is shown not only by the continual complaints in the Spanish press occupied with agricultural interests, the statistics, however incomplete, collected by the authorities, the Boards of Agriculture and private persons in a position to know the contracts prevailing in the various regions, but also by the law passed in 1908 which contains rigorous provisions for the repression of usury.

The small farmers especially find themselves obliged to contract loans, frequently at a rate of interest enormously high. In a recent book, by Prof. Dr. Rafael Ramos Bascuñana, a very competent authority, as "registrador de la propiedad," much information is brought together relative to the ordinary conditions of loans in use in various parts of Spain, based on the evidence of the Chambers of Commerce, Boards of Agriculture, economic societies, or persons referred to as specially acquainted with the economic life of the various regions in which they live. From these data it appears how numerous, especially in the case of loans in kind, are the usurious contracts.

Hence the necessity for a better organization of agricultural credit. We have already referred in a preceding article to the work of the co-operative credit societies (see the number of this Bulletin for February, 1912) ; let us now add that as a result of the new mortgage law of April 21st., 1909, a new means of obtaining short term credit to meet immediate requirements has been provided for the small farmers. In fact, art. 153 of the 1909 law authorises the passing of mortgages, on security of current accounts, for the term of three years, renewable for a similar period of three years at the will of the parties concerned. These loans may be granted

by private persons as well as by Banks and Societies, and are economical, the law having simplified the procedure for obtaining the loans and at the same time reduced the costs rendered necessary by the procedure of the former law. Experience will show if this legislative provision will induce the institutes of credit to conduct such operations.

But the question of usury is not important only for the farmers contracting short term loans, but also for all who conduct operations of agricultural land credit. From the Statistics published ten years ago by the General Management of the Registers of Property, it appears that in 1894 loans for 14,200,000 pesetas had been made, with "*pacto de retro*," on rural land, and only 2,700,000 pesetas paid off.⁽¹⁾ There were 5,589 loans secured on mortgage of real estate at an interest above 6 %, for an amount of 19.5 millions and the total credit operations were 11,744 for an amount of 114,800,000 pesetas, not including loans registered without the interest being stated, that is, as observes the well-known publicist, Rivas Morenos, those at the most monstrous usury, which is kept secret. The figures for the following years do not differ and everything shows that rural property is passing by gigantic strides into the rapacious hands of the creditors.

(b) The legal problems may be summarised as follows: Up to 1909 the Mortgage system in Spain was based on the law of February 8th., 1861, to which various amendments were made in turn. The most important were those of January 1st., 1871. (Regulations amending the provisions relative to mortgage registration and in especial to "*hipoteca del retro*," (2), its registration and cancellation in the old land registers). and those of July 3rd., 1871 and January 1st., 1873. The last two amendments are really new laws suspending the effects of the former law as far as concerns real rights not registered before December 31st., 1871.

To the above were added others, which, although not directly concerned with the law of February 8th., 1861, were such as to affect the mort-

(1) Loans on *pacto de retro* or "*de retroventa*" are those made by means of a conventional sale. A person who has need of money on loan, sells his real estate to the person providing the money, with the reservation that he may redeem the property sold, at a fixed price, within a period, that by the Spanish Civil Code (Arts. 1,507 and 1,508) may not exceed ten years.

As the reader may easily understand by these contracts of sale with right of redemption, the purchaser often succeeds in acquiring, and permanently keeping, real estate for a price below its real value, through the debtor not being able to find the money for re-purchase. What losses the farmers suffer through having to resort to this form of loan are shown by the figures given: in fact 2,700,000 pesetas worth of agricultural property was redeemed out of a total of 14 millions representing the value of the property sold.

(2) Luis Garcia Guijarro, *Bases del derecho inmobiliario*, Madrid, 1911, pp. 75. By *Hipoteca del retro* is meant a mortgage burdening the real estate for an amount corresponding to the price agreed on for redemption of the real estate in question.

gage law. Let us mention that of December 2nd., 1872 founding the "Mortgage Bank of Spain," the law of August 15th., 1873 relative to the fine to be paid in case of the loss or the destruction of the mortgage registers, the important law of July 17th., 1877 on the declaration of the heirs "*ab intestate*;" that of February 3rd., 1881, amending this last and thus also the provisions of the old law (February 8th., 1861) on cancellations, and, last but not least, the civil code in force since 1st. May, 1889.

In spite of all these laws, the Spanish mortgage regime did not answer the fundamental requirements of mortgage legislation. The numerous provisions (the old law had several hundred paragraphs) and counterprovisions complicated the legal and administrative procedure necessary for the registration of a legally valid mortgage. Now, according to Prof. Guijarro, who has made a special study of the old Spanish Mortgage régime, notable for the comparison he makes in it of the organization of the land and mortgage registers in Spain and other countries, the law of 1861 and those following it brought neither security, nor clearness nor simplicity to the mortgage system (1).

On the ground of the principle of real publicity and the ground that dominion is the maximum amount of right over real estate — (all other rights being a kind of dismemberment and modes of being of the right of ownership, existing in so far as they are based upon a *substratum* of dominion), — our mortgage law prescribes no other official books (art. 164 of the Regulations) than the ledger, which is thus the only means by which the precise moment of the presentation of a document may be ascertained (art. 238 of the Law and arts. 178 and 179 of the Regulations); to it the axiom applies: *prior tempore, potior jure*, because the registration has force from the moment of entry (arts. 25, 26 and 28 of the law).

We see how the want of a mortgage register properly so called giving, all information with regard to the legal position of the land, and giving reference to the cadastre, (2) has hindered the development of the institution of mortgage in Spain.

(1) "In our system, the great importance of the title as compared with the registration, of the notarial protocol and of the legal and administrative archives as compared with the Registry books, even in case of real estate, renders necessary the previous existence and formation of a principal title and manifold and various accessories, in the case of any legal act for which registration is prescribed; a procedure that may be styled superabundant rather than ample, complicated rather than complete, ostentatious and expensive without utility, dilatory without necessity, while at the same time often deficient, up to the point of forming, however paradoxical the affirmation may appear, the greatest obstacle to the complete ordering and consolidation of our mortgage institute." See Guijarro, *op. cit.* (pp. 166-167).

(2) Compare the article, The Organisation of the Cadastre etc. in Denmark: Bull. Econ. and Soc. Int. 1912, VI.

In this connection, Prof. Guijarro expresses himself as follows: (1)

"In principle, our register, with its simple and accurate legal basis would offer the advantages of the registers of other countries if it rested on the solid and only basis of the detailed cadastre.

But apart from this essential and absolute defect, the want of a cadastre, the way in which the books are kept presents another serious inconvenience as regards the present condition of a large part of Spanish real estate property which suffers from the disastrous effects of the excessive subdivision of the land and the instability of possession."

"The reflection cast by these two phenomena on the pages of the Register resembles that of the images following each other in a cinematograph: in this register, the property appears and disappears, is transformed, split up, and reunited, producing confusion, doubt and uncertainty, and this is the cause of the multiplicity of entries, notes and groupings leading inevitably to the accumulation of books encumbering the registrar's shelves."

The reforms to be introduced in the law and the administration to remedy this deplorable complication and confusion in the mortgage régime in Spain, are summarised at the end of Prof. Guijarro's book above cited, (pp. 256-257) in the following words: "To attain this end the formalities for the registration should be changed, either by the adoption of the German method of registration or the Australian usage, or uniting in one the functions of the notary and the registrar, or at least, simplifying them and reducing the cost. In fact, the "registrador" as representative of the State, the guarantor of the registered right, should have power to decide on the form and substance of the entries, and, since illegal rights cannot be guaranteed, absolute authority should be given to the entry conferring on it, in every case, the security and efficacy of an indisputable title to eventual compensation from the *registrador* and the State."

This brief exposition will suffice to explain the stagnation of mortgage operations in Spain. Whatever remedy the new law of April 21st., 1909 may have brought to several of the principal evils to which previous legislation had given rise, it has been in force for too short a time to have produced appreciable effects on the development of mortgage credit in Spain(2).

(c) As regards the social aspect of the problems of credit we may say that a more extensive organization of credit might facilitate the work of transformation in the systems of farm management, which would not only be economically important, but would also have a high social value.

(1) l. c. pp. 178-179.

(2) It is our intention to study this last law more at large in an article in which we shall examine the organization of the cadastre, the land books and mortgage registers in Spain, as we have done in the case of Denmark.

Since two evils at one and the same time afflict agriculture in the central provinces of Spain, the system of *latifundi*, and the extreme subdivision of landed property.

According to the fiscal statistics of 1905, in the whole Iberian territory more than 3,400,000 holdings paid taxes. In Estremadura there are estates of 10 and even 14 thousand hectares.; in Cordova the area of farms is often between 1,000 and 1,500 hectares. On the other hand, if we look at Galicia and the Asturias, we find the subdivision of landed property carried to an excess, yet together with the greatest misery of the peasant proprietors. On the one hand, then, large estates, rendered a more serious evil by the absenteeism of the landowners, mean extensive cultivation, poor yield of the soil, and speculation of middlemen, who intrude themselves between the farmers and the large proprietors; they are also, an obstacle to borrowing for improved cultivation, as the landowners, living at a distance, never think of improving their estates.

On the other hand, the opposite fact of the extreme subdivision of landed property, renders miserable the existence of the labourers cultivating their own farms, and prevents these very small landholders even from thinking of the possibility of using their little cash for purchasing machines or manure, to increase the profits of their farm.

The existence of large estates, on the one hand, the subdivision of property and the poverty of the farmers, on the other, together, combine to favour the two social phenomena, sources of great anxiety for the national economy: emigration with the consequent depopulation of the country districts and "caciquismo."

Emigration has greatly increased in Spain; for 10,000 inhabitants there were on an average 10.2 emigrants in the period 1871-1880; 20.9 in the period 1881-1890, and from these figures there was a rise to 42 emigrants in the decade 1891-1900. In recent years, as Prof. Rafael Ramos Bascuñana affirms, it may be calculated from the official data, without taking into account clandestine emigration, that about 126,000 Spaniards have emigrated each year. If the total population is estimated at about 20 millions, we have the enormous number of 63 emigrants per 10,000 inhabitants.

This current of emigration, that may in time have the effect of bringing new capital to agriculture, with the return of those who have been able abroad by their labour and savings to make a certain fortune, at present is a source of hurt to rural economy through the deficiency it produces on the labour market.

"Caciquismo," an expression not to be translated, indicates a situation, which is characteristic of, if not confined to, Spanish rural life. The "*Cacique*" is the village despot, who by arrogance, craft and intrigue in every way tyrannises over the farmers and peasants, and succeeds

in concentrating in himself, outside of and above the law, the greatest authority in the country. It is easy to understand that this plague of *caciquismo*, against which the noblest efforts to free the land of it have failed, is found chiefly where large estates prevail and the real owners of the land are absent, whose direct interest would be that rural economy might progress without any kind of obstacle or parasite; and where through excessive subdivision of the land, the population is poor, ignorant, and defenceless against the oppression of the overbearing.

A better organization of credit and the restoration of capital to agriculture, might, however, discharge a high social mission by changing the economic condition of landed property by lending capital for splitting up the *latifundi*, facilitating the cultivation of the separate parts of the large estates by farmers, willing to intensify production, to improve the land, and to apply on their farms the methods suggested by agricultural science; on the other hand, by helping the small farmers to escape from their present economic distress, by putting them in a position to obtain cheap credit and at the same time to profit by it, by means of the instruction, they may receive in a form suitable to their mental condition from the itinerant agricultural lecturers.

(d) Lastly in this rapid summary we cannot pass over one of the causes that has stood in the way of mortgage credit and that must be removed if there is to be a more abundant flow of capital towards Spanish agriculture.

We refer to the fiscal burdens. Without considering the notarial expenses, varying according to circumstances, even when it is desired to borrow for the same amount, the Madrid review, "España Economica y Financera," of October 15th., 1910 calculates as under, the necessary expenses for a mortgage loan of 2,500 pesetas :

	Pesetas
A sheet of paper bearing stamps	5
Five sheets of paper bearing stamps of 1 peseta each	5
Certificate of Registration of the property	15
Taxes on Real Estate	31.25
Entry of the Notarial Act in the Register	2.60
	<hr/> 58.85

that is 2.32 % of the amount of the loan.

The same proportion is observed for loans up to 5,000 pesetas. Indeed the following are the costs for a loan of 4,500 pesetas :

	Pesetas
Stamped paper	15
Entry of the act	11.50
Certificate of Registration of the Property	25
Taxes on Real Estate	52 ¹
	<hr/> 103.50

This is again, therefore, more than 2 % of the capital borrowed, which is an excessive burden, when we consider that these expenses are not the only ones to be met by a person who desires to contract a loan.

§ 3. *The "Banco Hipotecario de España" and its Organization.*

We have, however rapidly, noted the principal problems connected with the subject of rural credit in Spain.

Let us now see what provision is at present made for the supply of that capital, an essential factor in the progress of national economy.

The largest rural credit institute is the Banco Hipotecario

The "Banco Hipotecario de España" was founded for a term of 99 years, in accordance with the law of December 2nd., 1872, which sketched its principal characters. Having determined its financial basis, the law gave the Government authority to entrust the "Bank of Paris and the Netherlands" with the task of creating this land credit institute. A later law of July 17th., 1876 authorised the Bank to conduct credit on mortgage business in Spain, with the right of issuing land bonds to *bearer* and of sequestration by special procedure of the landed property in case of non-payment of the annuities.

This Bank, founded at Madrid, under the auspices of Government, is a society limited by shares, with a share capital fixed at 50 million pesetas, that may be increased to 150 millions. The law has fixed the value of each share at 500 pesetas and has laid it down that it shall be issued on payment of 40 % of the nominal value. The shares of this Bank have been admitted to quotation on the Exchanges of Paris and Madrid. The "Banco Hipotecario" was not founded exclusively to conduct land credit operations, whether rural or urban, but also to perform other services in behalf of public bodies, especially of the Treasury, such as receiving payments and promises of payments in connection with the sale of national property, collecting direct taxes, administering State property, and negotiating Treasury Bonds in exchange for land bonds, and lending to the Treasury, to the Provincial Delegations, to the legally authorized Municipalities and to corporations with right to issue special bonds, "guaranteed by the individual bodies that have occasioned their issue." Likewise, the Banco Hipotecario is authorized to receive securities in deposit; to open current accounts and to grant all kinds of loans on guarantee which in the opinion of the Board of Management is solid. Further, this Institute may conduct all financial operations the object of which is the advancement of agriculture or mining industry or building, granting for these purposes credits to such societies as offer serious guarantee. These loans may not

be made for a period of more than three years and are met by the issue of special bonds, for periods not exceeding five years.

But we have only wished to give a simple enumeration of all these operations in order to show the complex character of the "Banco Hipotecario," so that all the services it is called to perform may be well understood.

It is however on its mortgage loans we wish to fix our attention.

According to art. 6 of the Rules, in fact, its object is to lend on first mortgage to owners of real estate, situated in Spain and registered in their name in the register of property, for an amount that may be half the value of the property, for long terms, repayable in annuities, or for short terms, repayable in annuities or not. The loans are made, according as is convenient, in cash or by land bonds, for amounts fixed by the Board of Management.

They must be, as we have said, guaranteed on mortgage, under the following conditions :

(1) The value of the real estate mortgaged must be at least double the amount of the loan ;

(2) If there are previous credits registered against the mortgaged estate, the loan cannot be made, unless the Bank has a sufficient margin in mortgaged property to pay capital and interest on the credits registered,

(3) Loans may be made on property paying taxes or burdened by other perpetual charges, however, after deducting from the sum equivalent to half the value of the real estate, the capital corresponding to these perpetual charges ;

(4) If the mortgage is passed on vineyards, forests, and, generally, on property the value of which largely depends on the plantations upon it, the loan may amount to a third of the value of the real estate.

If the loan is secured by a pine tree plantation, it may not exceed half the value of the bare land. If the security offered, on the other hand, consists of buildings for industrial purposes, account will be taken of the value they would have if they ceased to serve for the industry for which they were intended.

(5) Loans shall not be given on security of mines and quarries, and generally of such estate, the revenue from which is uncertain and not permanent ; of farms, the possession of which is *undivided*, unless there is an agreement of all the joint proprietors ; of estate, in which the ownership is separate from the usufruct, unless the proprietor and the usufructuary, both agree to the mortgage ; of those, finally, burdened by legal mortgage. The Bank has always the right to have the real estate valued by one of its agents, at the expense of the persons requesting the loan. Below, we give the tariff approved by the Board of Management for repayment of necessary expenses in the inspection of property :

In Madrid :

For loans up to	100,000 pesetas	. . . . .	Pes.	50
„ „ between	100,001 „ and	200,000	„	100
„ „ „	200,001 „ „	300,000	„	125
„ „ „	300,001 „ „	400,000	„	150
„ „ „	400,001 „ „	500,000	„	200
„ „ above	500,001		„	250

In the Province of Madrid :

50/100ths of a peseta for every 1,000 pesetas required, provided that the Bank shall not receive amounts less than 50 pesetas nor more than 400 pesetas.

In the Provinces :

For Loans up to	20,000 pesetas	. . . . .	Pes.	100
„ „ between	20,001 „ and	30,000	„	120
„ „ „	30,001 „ „	40,000	„	140
„ „ „	40,001 „ „	50,000	„	150
„ „ „	50,001 „ „	60,000	„	160
„ „ „	60,001 „ „	70,000	„	170
„ „ „	70,001 „ „	80,000	„	180
„ „ „	80,001 „ „	90,000	„	190
„ „ above	90,001 „ „	100,000	„	200

Beyond 100,001 pesetas, two pesetas for every 1,000 pesetas, until a maximum is reached of 750 pesetas.

Real estate liable to destruction by fire must be insured at the debtor's expense.

The Loans may be repaid in full or in part at any date, on a month's notice, and the repayment may be made by means of land bonds of the issue indicated in the contract of the loan.

In consideration of the loans made, the Banco Hipotecario shall receive annually from its debtors an amount consisting : (1) of *interest*, equivalent to that on the land bonds issued to obtain the capital for the loan ; (2) of a commission of not more than 60 % ; (3) of an instalment varying with the term of the loan, that may be 50 years.

From the following table it may be seen what are the annual instalments that must be paid in order to extinguish a loan of 100 pesetas at 4¼ % for terms of between 5 and 50 years.

Annuities to be paid in order to extinguish a loan of 100 pesetas at 4 ¼ % interest for periods of from five to fifty years :

Amount of Loan	Period of Loan	Annual Payments						Total	
		Interest		Commission		Instalment			
		Pesetas	Cent	Pesetas	Cent	Pesetas	Cent	Pesetas	Cent
100	5 ans	4	25	0	60	18	1,612	23	1 12
100	10 "	4	25	0	60	8	1,294	12	9,794
100	15 "	4	25	0	60	4	8,342	9	6,842
100	20 "	4	25	0	60	3	2,224	8	724
100	25 "	4	25	0	60	2	2,830	7	1,330
100	30 "	4	25	0	60	1	6,790	6	5,290
100	35 "	4	25	0	60	1	2,658	6	1,158
100	40 "	4	25	0	60	0	9,709	5	8,209
100	45 "	4	25	0	60	0	7,541	5	6,041
100	50 "	4	25	0	60	0	5,912	5	4,412

The payments shall be made every week. Those not made when due shall bear an additional interest of 6 % in favour of the Bank.

A month after maturity the Bank may demand payment of the loan and by means of the competent magistrate may proceed to the sequestration and sale of the property mortgaged.

To provide for its loan service the Banco Hipotecario has received authorization and the privilege of issuing land bonds, whether personal or to bearer, secured on the same real estate on which the credit is granted. The bonds shall be repaid at par at fixed maturity or by means of drawings, in proportion to the sums that have been repaid by the debtors. The bonds withdrawn shall be cancelled or reissued but only after new loans have been made for a sum corresponding to their nominal value and guaranteed according to the rules above given.

These bonds are quoted on the Madrid Exchange. With regard to the balance sheet, the rules provide that it shall refer to the calendar year from 1st. January to 31st. December.

From the profits shown in the balance sheet, first of all there shall be deducted the amount necessary for the payment to the shareholders of 6 % on the profits realised. From the remainder an amount shall be deducted, which shall not be less than 5 % or more than 20 % of the profits of the Bank, for the purposes of a reserve fund and for payment of expenses and extinction of the initial debt. Special optional reserve funds may be formed on the proposal of the Board of Management after

the approval of the General Council. From the residue, 10 % shall be deducted for the administrators and the balance shall be distributed among the shareholders as a dividend. In case the reserve fund exceeds the amount of paid up capital, no further portion of the profits shall be assigned to it.

When the profits are not sufficient to give an interest of 6 % to the shareholders on their paid up capital, the deficiency shall be made up from the reserve fund.

The management of this Bank is entrusted to a Governor and a Board of Management.

The Governor and the two Vice-Governors are appointed by the Crown: the Governor and one of the Vice-Governors must be Spaniards. Before entering on their duties they must respectively deposit 100 and 50 shares in the Bank, registered in their name, not to be removed during the whole term of their office.

To the Governor are assigned the functions of Manager as laid down in the Rules, and the two vice-governors substitute him in his functions when he himself is prevented from acting.

The *Board of Management*, of which the Governor is president, is composed of councillors, the number of whom may be, according as is advisable, fixed between 12 and 24. These councillors are elected by the General Committee of Management, of which we shall speak further hereafter, and remain in office three years. Before a councillor may assume office, he must deposit 50 shares (*actions*), but he contracts no personal obligation in the exercise of his functions. The Board arranges the conditions and the amounts of loans the Society is to make, the dividends to be paid, the conditions of issue of new shares, the rules for the investment of capital, the amounts to be assigned to the reserve fund, the founding or suppression of branches and agencies, the changes to be introduced into the rules, the dissolution of the Society before the completion of its term, its fusion with other bodies and generally all business connected with the management and the economic life of the Bank.

The members of the Board resident at Paris shall constitute the *Delegation of the Bank at Paris*. The Madrid Board must, within 3 days, forward copy of its decisions to the Paris Delegation, which is under similar obligation towards the Madrid Board. In case of loan operations in excess of 500,000 pesetas, as of all decisions referring to the matters mentioned above as within the competence of the Board of Management, the latter must consult the Paris Delegation. In case of difference of opinion, in order to be valid, the decisions must be approved by three fourths of the members of the Madrid Board of Management. The other executive authorities of the society are the *Censors* and the *General Meeting of Shareholders*. There are three censors appointed by the General Meeting

for a term of three years. They control the operations of the society. At least two of the Censors must be Spaniards.

Shareholders who have deposited at least 50 shares take part in the meetings of the General Meeting, with right to one vote for every 50 shares possessed.

The maximum number of votes a shareholder may have in his own name is 15. A shareholder may also vote as representative of another member. A quorum is formed by at least 30 shareholders, representing the tenth of the share capital. The decisions are passed by an absolute majority of votes. It is not necessary to add more on the subject of the powers of the Meeting, which we have in part, already dealt with, as they are similar to those of the shareholders' meetings we have examined when speaking of the credit institutions of other countries.

§ 4. *The Work of the "Banco Hipotecario".*

After having considered the organization of the "Banco Hipotecario," let us see in its reports what work was done by it in the last working year and since its foundation, taking specially into consideration its mortgage business. In the last working year closed on December 31st., 1911, 545 loans were granted for an amount of 18,763,700 pesetas; since the previous loans amounted to 135,024,324 pesetas, there was at this date a total amount of loans for 153,788,024 pesetas. Last year repayment was made of 6,958,070 pesetas; so that the loans really current at the end of last year amounted to 146,829,954 pesetas. The landed property acquired in consequence of legal proceedings since the foundation of the Bank on the 31st. of last December represented the value of 925,305 pesetas (6,019 pesetas less than in the preceding year), or 64 % of the loans current at the same date. To meet eventual losses in the management of these properties a special fund was formed amounting to 91.6 % of the value assigned in the register of landed estates.

The mortgage bonds in circulation on December 31st., were presented by the following figures :

Number	Type	Nominal Value in Pesetas
290,696	of 500 pesetas . .	145,348,000
910	„ 100 „ . .	91,000
291,606		145,439,000

To satisfy further the requirements of the farmers, it was decided to assign 25,000 pesetas for the purpose of opening current accounts

on the security of rural landed property, thus providing for the interests of the labourers who desire to burden their holdings only temporarily, in order to buy seeds, and implements or to provide for other working expenses.

The profits shown on the balance sheet as available for the yearly distribution, amounted to 2,330,225.68 pesetas. According to the principles laid down in the Rules, there were distributed to the shareholders as first 6 % dividend, 1,350,000 pesetas; 116,511 pesetas were placed to the Reserve Fund; and 86,371 pesetas distributed among the members of the Board. Of the rest, 675,000 pesetas were assigned to the shareholders as second dividend, so that they received in all last year an interest of 9 %. After 15,546 pesetas had been distributed among the administrative staff, there remained 86,796 pesetas to be carried over as credit balance to the next year's accounts.

The obligatory reserve fund at the end of 1911 thus amounted to 4,677,177 pesetas and the special reserve fund to 50,000 pesetas.

If now, leaving last year's results, we cast a glance at the previous work of the Banco Hipotecario to see the relative importance of the urban and rural mortgage loans, we must observe that the Banco Hipotecario, founded specially to provide for the needs of rural landed property, has come to exert its action specially in behalf of urban landed property. In a total of 9,185 mortgage loans granted between 1873 and 1911 for a total of 322,139,279 pesetas, about 130 million pesetas were granted for rural and 192 million for urban landed property. From the following table it will be seen that rural loans had the preference from 1876 to 1881. Later on, unless in exceptional cases, the rural loans decreased in amount as compared with urban loans, which reached their maximum especially after the arrest of the development of the Banco Hipotecario between 1894 and 1903. Thus, in 1911, of 17 millions pesetas lent, 11.6 million represent urban loans, whilst in 1881, in 9.4 million, 6 millions were in favour of rural landed property.

Mortgage Loans granted up to December 31st., 1911.

Years	Number of Loans	Number of Properties Mortgaged			Amount of the Loans		
		Rural	Urban	Total	Rural	Urban	Total
1873-1875 . .	7	1	50	51	50,000	6,080,375	6,130,375
1876	36	126	20	146	1,325,325	710,600	2,535,925
1877	121	407	60	467	3,877,925	1,354,400	5,532,325
1878	84	251	36	287	3,475,707	1,613,968	5,089,675
1879	138	851	110	961	2,483,190	1,526,795	4,009,985
1880	193	523	123	646	4,186,524	3,379,076	7,565,600
1881	242	810	161	971	6,050,570	3,423,540	9,474,110
1882	291	701	339	1,040	4,745,615	6,359,735	11,105,350
1883	201	454	140	594	3,446,910	8,077,520	11,524,430
1884	209	485	176	661	4,531,500	4,474,600	9,006,100
1885	188	347	155	502	3,148,720	4,765,750	7,914,470
1886	200	256	167	423	4,202,020	4,476,350	8,678,370
1887	193	161	124	285	4,636,000	4,962,250	9,598,250
1888	212	238	167	405	3,221,500	5,246,000	8,467,500
1889	244	226	261	487	3,308,600	7,291,400	10,600,000
1890	226	169	214	383	3,478,050	4,794,050	8,272,100
1891	228	184	245	429	2,091,300	6,214,550	8,305,850
1892	204	136	190	326	3,007,347	5,981,100	8,988,447
1893	232	143	214	357	2,230,760	5,165,000	7,395,760
1894	272	192	247	439	2,601,950	4,247,600	6,849,550
1895	234	318	239	557	3,187,800	4,007,700	7,195,500
1896	241	202	205	407	3,176,400	3,541,250	6,717,650
1897	243	236	191	427	3,203,600	2,881,000	6,084,600
1898	198	114	155	269	2,207,379	2,329,478	4,536,857
1899	183	127	127	254	1,949,000	2,463,500	4,412,500
1900	186	172	166	338	2,477,000	2,689,500	5,166,500
1901	199	160	176	336	3,763,900	3,426,600	6,190,500
1902	219	138	182	320	2,854,950	4,447,750	7,302,700
1903	249	152	209	361	2,692,750	5,168,000	7,860,750
1904	363	324	344	668	3,424,600	7,227,050	10,651,650
1905	385	223	340	563	4,444,550	8,128,250	12,572,800
1906	401	340	346	686	5,350,775	7,711,000	13,061,775
1907	414	279	347	626	3,557,300	8,164,700	11,722,000
1908	467	517	405	922	5,612,450	9,219,700	14,832,150
1909	474	343	412	755	4,881,100	9,057,600	13,938,700
1910	480	394	377	771	5,821,550	9,666,225	15,487,775
1911	528	349	424	773	5,713,250	11,647,450	17,360,700
	9,185	11,049	7,844	18,893	129,717,867	192,421,412	322,139,279

The importance of this Institute for the national economy, and especially for agriculture may be seen in its true relations, when we compare the figures representing the total value of mortgages passed in Spain in favour of both credit institutes and private persons, with the amount of mortgage loans granted by the "Banco Hipotecario."

According to the official statistics, — reported by De Molins — in 1902 44,944 holdings were mortgaged for 320,680,083 pesetas, in 29,994 mortgages, 1,511 legal and 19,483 conventional. The greater part of the amount guaranteed, 314,680,286 pesetas, is for conventional mortgages; the rest, 6,005,797 pesetas for legal mortgages.

The value mortgaged was divided as follows in urban and rural mortgages: 172,016,942 pesetas on rural and 148,669,441 on urban property. If now we compare these figures with the corresponding one for the year 1902, shown in the above table, we may see that the amount of credit given by the "Banco Hipotecario" is small compared with the needs of capital in Spain.

In fact, in a total of 314,680,286 pesetas, representing the conventional mortgages registered in Spain in 1902, only 7,302,700 pesetas represented loans made by the Banco Hipotecario de España.

When we take into consideration then, that at that date only 2,854,950 pesetas had been granted on rural mortgages (and from 1902 to 1911 the amount of these has gone on decreasing as compared with urban mortgages), we shall understand the movement now again on foot both among the capitalists, and the champions of agricultural interests for the completion of the work of the Banco Hipotecario as regards the concession of credit to farmers by means of new institutions.

Thus in 1910, a speculators' society, "Credito Hipotecario y Agrícola del Sur de España" was formed in Paris, with 5 million francs capital, to make purchase of land, and loans on mortgage and conduct every kind of agricultural credit business.

Recently, again, the Deputy Zulueta, with the approval of the Catalan Agricultural Federation, has presented a bill for the foundation of a "Banco Nacional Agrario," to accumulate as much money as possible in order to put the farmer in a position to increase the value of his land by the application of all methods indicated by modern technique. But of this bill we shall have an opportunity of speaking more particularly in another article.

CREDIT

ITALY.

I. — RECENT NEWS.

I. — Work of Institutions for Agricultural and Land Credit.

“ Land Credit ” of the Institute of “ Opere Pie ” of St. Paul at Turin and of the
“ Monte dei Paschi ” at Siena in 1910.

Sources :

Instituto delle Opere Pie di San Paolo in Torino; Beneficenza e Credito. - Conti consuntivi, esercizio 1910 (*Institute of Charity of St. Paul at Turin, Balance and Credit Report for 1910*). Turin, National Typographical Society. Edition, 1911.

“ Monte dei Paschi ” di Siena; Rendiconto della gestione 1910 approvato con deliberazioni della Deputazione Amministratrice dei dì 27 giugno e 14 luglio 1911 (*Monte dei Paschi of Siena; Report for 1910 Approved by the Administrative Deputation of 27th. June and 14th. July, 1912*). Siena, L. Lazzari, 1911.

While awaiting the reports of 1911 of the various Italian institutions for land credit, which in due course we shall present to our readers, we now lay before them a sketch of the work carried out in 1910 by two of them, viz. the Institute of “ Opere Pie ” of St. Paul at Turin and the “ Monte dei Paschi ” at Siena. (1)

§ 1. Institute of “ Opere Pie di S. Paolo ” at Turin.

With regard to applications for loans the report for 1910 states that at the beginning of the year, the Institute had 332 in course of negotiation for a sum of 22,958,500 francs. During the year, it received 467 more appli-

(1) With this report, we finish our description of the different institutes for land credit in Italy. Concerning other institutes of similar nature, see former Bulletins.

cations amounting to a sum of 28,786,000 francs. There was a total therefore of 799 demands, representing 51,744,500 francs. Of these demands, 184 representing a sum of 11,961,000 francs, were rejected for various reasons (1): 212 applications to the value of 11,369,000 francs were followed by definite contracts, and 403 representing 24,800,500 francs were in course of negotiation. Of these last 79, representing 3,772,500 francs, were accepted by the Institute to be duly followed by contracts, conditional or definite. In 1910, 201 *definite contracts* were concluded, representing new loan transactions, (2) amounting to an equivalent of 11,198,000 francs at 3½ %. 11 contracts of a value of 171,000 francs were, against this, stipulated for with a view to pay off a former loan contracted with the same Institute at a higher rate of interest (3.75 %).

The Contracts may be divided as follows :

1. — *Nature of property mortgaged*: 176 contracts, to an amount of 9,090,000 francs were guaranteed by urban property ; 30 of 1,851,500 francs by rural property, and 6 of 427,500 francs by property of a mixed character.

2. — *Situation of mortgaged property*.

Province of	Number of Loans	Value in Francs
Alessandria	14	304,500
Cunco	5	65,000
Genoa	53	4,155,000
Novara	5	1,154,000
Parma	1	4,500
Porto Maurizio	2	106,500
Turin	115	3,690,500

Besides these, 17 other loans, to the value of 1,889,000 francs, were granted on lands in the provinces of Brescia, Cremona, Florence, Forlì, Milan, Modena, Naples, Reggio d'Emilia and Rome.

3. — *Amount of various contracts*: 92 transactions; representing a total of 1,023,500 francs did not exceed 20,000 francs each; 119 of a total value of 8,945,500 francs varied from 20,000 to 500,000 each, and there was one loan of 1,400,000 francs.

4. — *Duration of loans*. 57 transactions, equal to a total of 2,267,500 francs were for periods varying from 10 to 25 years : 35, equal to a total of 2,902,000 francs, were for periods between 26 and 30 years, and 11 others

(1) These reasons were sometimes defects in the title of the property, sometimes its small value, and objections to the purpose to which it was destined, sometimes the legal incapacity of the applicant, all impediments to the constitution of a mortgage.

(2) Against this, in 1910, 170 new loans to the value of 8,009,500 francs and 11 conversions representing 220,500 francs were concluded. The year 1910 showed a marked increase, as compared with 1909, of 31 contracts to the value of 3,139,000 francs.

valued at 402,000 francs, were for from 31 to 40 years. Finally, 109 contracts representing 5,797,500 francs were from 46 to 50 years. In making these contracts, the only expenses incurred by the borrower are those that concern the property itself, viz. those for the necessary proceedings and for valuation. In 1910, against 11,369,000 francs of capital borrowed there stood 33,255.45 francs for valuations equal to an average of 0.292 for every 100 francs of capital lent. Of this capital, 2,033,152 francs served to pay off the sums lent by private persons, a proof that this Institute co-operates in the transformation of ordinary mortgage debts into land credit debts.

In view of the making of contracts, there were issued in 1910, 22,738 land credit shares at 3 $\frac{1}{2}$ %. On the 31st. of December the amount in circulation of these shares equalled the amount of the loans existing at the same date, that is to 61,083,500 francs of which 26,427,500 represented by shares bearing interest of 3 $\frac{3}{4}$ % and 34,656,000 francs by shares paying interest at 3 $\frac{1}{2}$ %. Their price on the Stock Exchange oscillated during the year from a maximum of 504 francs to a minimum of 493, their nominal value being 500 francs. So much for the operations effected ; as to their economic results, the amount of their net profit of 230,255 francs is a sufficient proof of their prosperous condition. Finally, the assets of this credit-bank have now risen to 4,191,504 francs, which, united to the mortgage guarantee on loans valued at 182,114,420 francs, should give the greatest confidence to the holders of land credit certificates.

§ 2. *The " Monte dei Paschi " of Siena.*

This institution has four sections ; the Central Section, the " Monte Pio," the Savings Bank and the Land Credit. The first and the last of these lend on mortgages, with this difference, that the Central Section lends money according to the common law, while the Land Credit lends in the form of land credit shares according to the laws especially regarding this form of credit.

In 1910, 39 loans were made in money, representing a total sum of 1,036,194 francs, thus divided among the provinces:

Province of	Number of Loans	Total Amount
Siena	9	132,500
Florence	7	125,500
Pisa	7	55,094
Arezzo	4	188,000
Grosseto	4	35,600
Leghorn	3	96,000
Perugia	3	55,000
Forlì	1	23,500
Rome	1	325,000

Of these loans, 13 vary in amount from 1,000 to 5,000 francs, 10 from 5,000 to 10,000 ; 6 from 10,000 to 20,000, 5 from 20,000 to 30,000, 3 from 50,000 to 75,000, and 2 reach the sums respectively of 170,000 and 325,000. There were on the 31st. December, 1,932 loan contracts representing 41,052,751 francs. In the same year 303 loans in the form of *land credit shares* were made at 3½ %, equivalent to 11,401,500 francs, thus divided among the provinces :

Loans granted in 1910 distributed among the provinces :

	Number	Amount in francs
Ancona	3	81,000
Aquila	2	10,500
Arezzo	6	450,000
Bologna	3	82,000
Florence	34	1,306,500
Forlì	47	599,500
Genoa	6	885,500
Grosseto	10	180,500
Leghorn	1	42,000
Lucca	3	24,000
Macerata	4	57,500
Massa Carrara	3	131,000
Pesaro	24	377,000
Pisa	33	1,854,000
Ravenna	15	229,500
Rome	10	1,048,500
Siena	57	1,666,500
Umbria	42	2,376,000
Total	303	11,401,500

The number of loans at the end of the year was 2,271 representing a sum of 53,557,631 francs.

Corresponding to the loans granted, and representing their amount, 22,803 land credit shares at 3½ % were issued in 1910 for the sum of 11,401,500 francs. The following table shows the maximum and minimum value of these shares in the Stock Exchange :

Maximum and Minimum quotations of these shares at 3½ % in 1910.

	Maximum	Minimum
January	499.80	498.35
February	501.30	499.80
March	503.50	501.30
April	496.45	495.00
May	497.90	496.45
June	499.35	497.90
July	500.85	499.35
August	502.25	500.85
September	502.25	502.10
October	493.50	492.00
November	495.00	493.50
December	495.40	493.50

The result of the work of the Land Credit Section was a net profit of 148,185 francs and a reserve fund on December 31st., of 1,709,445, francs.

2. Miscellaneous Information.

I. — **Savings Banks and Agricultural Credit.** — Among the institutions for agricultural credit in Italy, besides those well-known in the co-operative form, we must include ordinary savings banks which hold about 2,500,000,000 francs of deposits. But of these we have little information either as to the provinces or the institutions themselves. Among the most important banks of agricultural credit, exclusive of those, under a special law as regards this credit, we must mention the savings-bank of Parma and that of Bologna the balance sheet of which on the 31st. December, 1911 showed a sum of 200,000 francs lent on agricultural credit in the Marche, and 122,994 francs granted to the members of the agricultural Consortium, besides 2,271,901 francs in bills of exchange on agricultural loans. The banks of Milan and Rome etc. must not be forgotten. At the last Congress of Savings-banks held at Turin last September the Senator Paolano Manassei spoke of the necessity of establishing a regular system of agricultural credit in these banks, and moved the following resolution on the subject:

“The second National Congress of Italian savings-banks, considering that agriculture is the principal source of the production and of the wealth

of the country, and recognising that it is an economic duty to favour its development and encourage its growth by attracting to it the current of capital and of savings, recommends the various banks to add to their rules, if they have not already done so, another authorising agricultural credit to be carried on either under the law of January 23rd, 1887,² or under other laws in force in different regions, so that they may grant agricultural credit either directly, or by advances to rural banks, agricultural consortiums and co-operative agricultural associations. It is also desirable that the banks should use every suitable and efficacious means of encouraging and securing the spread of cultivation, the erection of better dwelling houses for the peasantry, and better farm buildings and the raising of cattle on a larger scale in order to increase agricultural production and to improve the condition of farmers and labourers."

(Summarised from the Report on Savings Banks and Agricultural Credit, presented to the above mentioned Congress by the Senator P. Manassei, and published in the *Rassegna Nazionale*, Florence, Oct. 16th. 1911).

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2. — **Agricultural Credit at the Farmers' Congress at Genoa.** — From the 28th. to the 30th. April the first congress of Ligurian farmers was held at Genoa under the auspices of the local agricultural consortium. Among other subjects discussed was that of agricultural credit, which is of the utmost importance to Western Liguria, owing to the failure in the olive crop. This failure induced the Government, in the session of the 8th. July, 1911, to bring forward a bill containing special measures in favour of the region affected. Of this we shall speak later, and meantime we give in full the resolution moved by Signor G. Canepa, and passed by the Congress ;

" I. The Congress affirms that it is necessary to found in Liguria without delay an institution of agricultural credit, this being one of the conditions indispensable to the revival of Ligurian agriculture now in a state of great depression especially as regards olives, the most important of all its crops.:

II. In view of the bill No. 970 brought forward by the Government in the Chamber on the 8th, July, 1911, the Congress requests Parliament to pass the amendments asked for by the farmers of Liguria at the meeting held by them at Albenga on the 31st. of March last, and declares the two following points to be of the highest importance :

(a) that the original capital for the foundation of the projected institution should be half a million, and later be completed from the surplus of the funds assigned by the law of the 31st. March, 1887, No. 4,511, after the deduction of the sums mentioned in art. 13 of the bill ;

(b) that the deeds relating to the constitution and working of agricultural savings-banks and other intermediary institutions should be exempted from all taxes, as already established in the case of the Basilicata by articles 75 and those following of the law of the 31st. March, 1904, and that such exemption should be for at least ten years.

III. The Congress expresses the hope that the bill thus amended will as soon as possible become law, and trusts that the savings-bank of Genoa and similar institutions, through their participation in the Institute of Agricultural Credit, may, together with the cultivators of the soil, give vitality to the new organisation and develop its powers in the reawakening of the energies of rural co-operation."

(Summarised from the *Economista d'Italia*. Rome, No. 121. 1st. May, 1912).

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3. — **An Agricultural Bank in the Marche.** — On the occasion of the ordinary meeting of the members of the co-operative Agricultural Consortium of Ancona on the 31st. March, the idea was mentioned of founding a bank for agricultural credit in the Marche, and especially for granting loans for the purchase of manures, seeds, anticryptogamic substances, agricultural machinery and implements, cattle and food for cattle etc. Shares amounting to 19,000 francs were taken on the spot, and it was resolved that the bank should be founded as soon as a capital of 100,000 frs, should be raised.

(Summarised from the circular of the 2nd. April 1912, issued by the Consortium of Ancona)).

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4. — **Savings in Italy on the 30th. June, 1911.** — (Savings bank deposits, current accounts, bonds bearing interest) :

	Francs
Banks of Issue	110,000,000
Rural Banks	89,000,000
Ordinary Credit Banks	946,000,000
People's Banks	710,000,000
Co-operative Banks	505,000,000
Ordinary Savings Banks	2,555,000,000
Pawn Offices	196,000,000
Post-Office Savings Banks	1,821,000,000

The subdivision of the savings is given above in round numbers.

If we take account equally of the savings deposited in secondary institutions differing from those above mentioned, savings in Italy amounted on the 30th. June, 1911 to 6,934,161,991 francs.

From the 31st. December, 1908 to the 30th. June, 1911 the total amount of ordinary deposits increased by 264 millions ; the savings-banks deposits by 904 millions ; the deposits in rural banks by 32 millions; so that the whole amount of savings-bank deposits, current accounts, and bonds bearing interest, in Italian institutions was increased in two years and a half, by 1,200 millions.

(Summarised from the Report on the Estimates of the Ministry of Agriculture, Industry and Commerce, for 1912-13).

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PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

FRANCE.

CURRENT QUESTIONS.

The Position of Small Agricultural Holdings in France.

This problem has been the subject of special and detailed consideration, under the form of a series of monographic studies, on the single departments. The Agricultural Department published the results of its enquiries in 1909 (1).

Before dealing with them, as they are supplied to us by the official returns, it is well, for the understanding of the facts to mention previous undertakings of similar character relating to the same subject.

§ 1. *Decennial Agricultural Enquiry of 1882.*

When the Agricultural Department undertook in 1882 a general enquiry into the situation of French agriculture, it was anxious to collect accurate and detailed information as to the division of *agricultural landed property*.

To attain this object it had recourse to a method of research which it is indispensable to explain here. This method, besides, does not differ from that which was employed in collecting other information for the statistical data contemplated by the Enquiry (kinds of cultivation, crops, number of labourers, etc.).

(1) *La petite propriété rurale en France (Small Agricultural Holdings in France)* Enquêtes Monographiques (*Monographic Studies*). I vol. National Press, 1909. Agricultural Department. Agricultural Information Office.

In conformity with the arrangements made on previous occasions the Government made use :

(1) of lists of questions addressed to the mayors of each *commune* and filled in by them with the assistance of persons esteemed competent for the performance of the work or its useful completion ;

(2) of synoptic tables reproducing the lists of questions for the *communes*, and revised tables prepared, *after further study*, by a *cantonal* commission. (The French canton is an administrative district including several communes).

The work of summarising all these cantonal statistical tables was carried out by the Central Department itself.

In the general instructions sent by the Minister of Agriculture to the Presidents of the *cantonal* statistical commissions, the views of the Government are clearly indicated as follows :

"The Agricultural Statistical returns of 1882," said the Minister, "will be based, like their predecessors, on the work of cantonal commissions charged to repeat — for each of the communes of the canton — in figures, the information asked for in the attached list of questions, to which I shall be obliged if you will send answers as regards the commune of"

With respect to the division of property the same official circular added :

"One of the most interesting questions is whether subdivision of the land is increasing or whether the situation remains unvaried. With regard to this matter we have had more than indications of the progress of the subdivision but no precise information. Subdivision of the land among an increasing number of proprietors, besides, is not absolutely equivalent to the subdivision of farms. The same farmer may, in fact, unite in one farm a greater or smaller number of lots belonging to various owners.

"What is important to learn, is, together with the number of payments to the land-tax classified according to amount, easy for any municipality to establish, also that of the owners."

It remains now to define exactly the *payments on land* the Agricultural Department desired to count in order to learn — let us carefully observe — the state of the division of the land.

The payment on land is, according to an official document, "the proportion of land tax each property must pay *in the commune* upon the yield of the land."

From this definition, it would apparently result that the number of French holdings would be equal to the number of *payments*. However this is an error, and in the same text we find a very just remark it is necessary to quote :

"But properties have not the same limits as the commune ; their area often extends to two contiguous communes, and, sometimes, even, to

several communes, so that a landowner, who has only one property on the confines of a commune, may have part of his land in the commune in which he lives and the rest in one or more neighbouring communes.

« If the property is made up of many parcels, as frequently happens, these parcels may be scattered about in various communes. In this case, there are as many payments on the property as there are communes to which it extends.”

Again, the number of payments is evidently greater than the number of *landholders*, for the same person may have several estates.

Thus it clearly appears that the 1881 enquiry had to overcome considerable difficulties in order to calculate with sufficient approximation, the number of the estates and their division.

There was still another risk to be avoided. It was necessary not to confound *agricultural* land and the payments made on it with other property where payments are made exclusively for some building of no *agricultural* character.

Yet the 1882 Enquiry (1), making use of the above methods, and in spite of very serious difficulties in their estimation and interpretation, published, — for the first time in France — the number of land tax payments (with the area corresponding), under the name of “*agricultural payments*,” because they referred to *agricultural* land or rather to the taxable portion of agricultural land.

Without affirming that the distribution of the landtax payments among various classes of areas exactly gave the position of the division of the property, the Department, however, declared :

“ It may be admitted that, in the present state of the question, the distribution of the land tax payments corresponds, per department, to the *situation of property* ” (2).

We give here the table from the official publication, summarising the work of the cantonal statistical commission and of the Department itself :

Agricultural Land Tax Payments in 1892.

	Number	Area		Proportion	
		Average	Total	of the payments	of the area
		Hectares	Hectares	p. 1,000	p. 1,000
Above 10 hectares	11,255,374	1.56	17,573,550	921	355
Between 10 and 40 hectares	696,579	18.31	12,758,161	66	258
Over 49 hectares	163,324	17.74	19,230,150	13	387
Total and average . . .	12,115,277	4.09	49,561,861	1,000	1,000

(1) Statistique agricole de la France publiés par le Ministère de l'Agriculture. Resultats de l'Enquête decennale de 1882, Nancy, 1887 (*Agricultural Statistics of France, published by the Agricultural Department. Results of the Decennial Enquiry, 1882*). Nancy, 1887. Berger Peres, Levrault.

2) See Introduction to the Agricultural Statistics of 1882, page 277.

The writer of the introduction to the 1882 Enquiry, M. Tisserand, Director of Agriculture, added as comment on this table :

" Payments on areas of less³ than 10 hectares are by far the most numerous ; they form more than 9/10ths of the total number. Large payments, on the other hand, correspond to the larger part of the agricultural land. We have here a first evidence of the extreme subdivision of property.

" This distribution is also general for all departments, although in varying degree ; it would be still much more marked if we could go into the details of the payments on areas of less than 10 hectares.

" The average area corresponding to agricultural payments on areas below ten hectares is 1.56 hectares. This is due to the multiplicity of small holdings, in very sparsely peopled departments and in those where market gardening and vinegrowing predominate. The average area corresponding to the land tax payments in question is 43 ares in Seine and reaches the maximum figure of 3.34 hectares in Corsica.

" In the class of payments corresponding to areas between 10 and 40 hectares, the average area is 18.31 hectares, varying from 14.29 hectares in Rhone to 22.36 in Seine Inférieure and 24.30 in Ariège.

" Finally, for large payments, the average area is 117.74 hectares ; varying from 63.79 hectares in Tarn et Garonne to 487.02 h. in Hautes Alpes."

This information on the division of land was effectually completed in the same enquiry, by returns showing the *number* of landowners and notably of landowners cultivating their own lands exclusively.

In the introduction to the decennial enquiry for 1882, M. Tisserand said with regard to this :

" The 12 million agricultural payments and the 125 million parcels of land reported in this enquiry represent estates of 4,835,246 rural *landholders* of whom about 1,309,904 did not work their own estates and generally lived in towns while 3,525,342 cultivated their lands themselves. It has been *proved* that 71.19 % of the total number of agricultural landholders farmed their own land. They are shown in detail in the tables of agricultural population." (1).

It is hardly necessary to observe that the extent of the division of landed property is indirectly shown by the number of landholders, and, again, it is also proved that the area of the individual holdings is not insignificant since the owner and his family can live exclusively by farming the land. Now, the 1882 enquiry by direct returns showed the number of landholders exclusively cultivating their estates as 2,150,000 (2). Finally, other direct returns on the *kinds of cultivation, permanent grass, orchard, pasture and vineyard*, have shown that 19 million hectares, or about

(1) Tables of the Decennial Enquiry, 1882, page 186 et seqq.

(2) Introduction p. 342.

60 % of the total area of *this portion* of agricultural land was cultivated by the proprietor.

We then see clearly that the division of the soil among a large number of farmers assured to each of them an area large enough for an important holding and not an insignificant parcel having only the name and appearance of an agricultural holding or garden.

§ 2. — *The Decennial Agricultural Enquiry of 1892.*

It might have been hoped that this enquiry would bring new light to help to solve the problem of the division of property. It, however, includes no new data, and its authors seem, on the contrary, to have taken no interest in the matter. They pointed out, in this connection, the imperfection of the method of "*Agricultural payments*" employed in 1882 and said: (1)

"In the Agricultural Statistical Returns for 1882, the Agricultural Department, while it classified the special land tax payments (called Agricultural) according to the area corresponding with them and also published the average area per class, merely admitted the relative value of the total number of these payments with corresponding area, under the same conditions at two different periods, so as to obtain evidence of a movement towards the increase or diminution of property, but did not consider the average area for the agricultural payments in a special class, of 10 hectares or under, for example, as the measure of the average area of agricultural holdings of from 10 hectares or under. Its reservations on the matter were formal."

The authors of the enquiry did not try to improve the general methods of research, or to employ a new method for ascertaining the division of holdings.

The Agricultural Department simply renounced the solution of the problem or any attempt at solving it. It says this very distinctly in the Introduction: (2)

"For this reason, want of precision in the system of "*agricultural land payments*," *renouncing* the idea of measuring the division of property, and assuming an allied position, but a different and especially agricultural one, the decennial agricultural statistical return for 1892 has, for the first time, made use of the number and area of farms as a measure of the division of the same . . .

"For the reasons set forth above, the questions forwarded to the Commissions for the Decennial Agricultural Statistical Return of 1892 were

(1) Introduction to the 1892 Enquiry, page 347.

(2) P. 338.

modified. To report as in 1882 the number of land tax payments called *agricultural* appeared useless and even misleading, in view of the impossibility of deriving from them any serious evidence of the division of property and the erroneous interpretation it might have been attempted to put on the results of 1882 and 1892.

« As to the number of proprietors, there could be no possibility of obtaining it from the number of land-tax payments, for we have just seen the complexity of the question, further increased in the case of rural landholders, as built on property much more rarely extends to two communes than does agricultural property. Again it could not be obtained directly, the attempt failed in 1882.

« Under these conditions we shall be satisfied to give the number of landholders who are farmers. They were in 1892 3,387,245.”

Without having to offer opinion on the conclusions above formulated, we may still observe that if the 1882 figures ceased to have serious documentary scientific value in the eyes of the Department itself, the problem of the division of property in our country remained without definite solution.

So it is quite easy to understand why the Minister of Agriculture recently decided to resume the study of this social problem and attempted to attain his end by a new method.

What his end was and what the method to be applied was, we shall indicate exactly by quotations from the official documents themselves.

§ 3. *The Enquiry of 1908-1909.*

In the Official Enquiry of 1908-1909 we at once find the indications we want.

The Introduction deserves to be quoted in this connection. Here is the text in its essential parts: (1)

“ The last “ Decennial Agricultural Statistical Return for France ” did not seek, in all its large supply of documents, special and detailed information with reference to small agricultural holdings.

“ It was, however, desirable when our national agriculture seemed at last to have passed the crisis which had lasted for a certain number of years, to have an exact idea of the small agricultural holdings in France, so as to know if, in passing through this crisis, the position of small property had been weakened, if an era of prosperity was to be seen opening for it, or, on the contrary, one of decline.

(1) Agricultural Department, Agricultural Management, Agricultural Information Office: *La petite propriété rurale en France* (Small Agricultural Holdings in France).— Paris, National Press, 1909.

" Precise instructions were, therefore, given by the Agricultural Department at the end of 1908 for an enquiry into small agricultural holdings in France to be proceeded with.

" As the system of monograph studies is admirably suited to the examination of variable and special elements such as those of which account must be taken for the classification of holdings and the comparison of farms in France, this system has been chosen in preference to the statistical method (1).

" Information has been asked for in every department from persons competent, *Departmental Professors of Agriculture and Presidents of the Chambers of Notaries*, so that most of these data, derived from various sources, might correct and complete each other. The principal points in the Enquiry on which the calculations were based were :

" The indication of the average area of what is understood by small, medium and large holdings in each of the agricultural regions of the department, taking account of the various kinds of cultivation, the market price of land, and, generally, all natural economic and social elements.

" The indication of the changes in property in the course of the last twenty years ;

" The comparison, in each region, of the agricultural equipment possessed by large and small farmers ;

" The comparison, in each region, of large and small farms from the point of view of the means of production and the economic results obtained;

" The indication of the condition and tendencies of indirect farming, of the position of the *labourer peasant proprietors* (a matter intimately connected with that of extreme subdivision), of the social class — peasant proprietor, tenant farmer or agricultural labourer, — from which the purchasers of small holdings come, of the financial position of the farmers during the last twenty years (matters which may serve as indications with regard to the mortgage debt on small holdings).

" In the preparation of the monographs, the social idea of *property* has been carefully distinguished from the economic idea of *cultivation* or *farming*."

In conclusion the writer of the introduction added :

" Thus, we may, without fear of confusion, such as has been too frequently occasioned hitherto, obtain from our enquiry the evidence of the very definite fact of the subdivision of large agricultural estates, and the general superiority of small farming to large.

" Other remarkable results we may also put our fingers upon in

(1) The monographic method is a " *statistical* " method. The writer intended to speak of *general* statistics in opposition to monographs.

connection with indirect farming, mortgage debt on small holdings, exaggerated subdivision, and generally, the position of the agricultural proletariat in France."

§ 4. *Characteristics of the Enquiry.*

We may now without difficulty indicate the characteristics of the recent Enquiry before giving its results.

1. The *method* employed is new. For the first time — we believe — an official agricultural enquiry of this character has been carried out by means of a series of *monographs*, that is to say of separate studies, having for their subject, it is true, a department, but really relating to different *regions* of this administrative district. The monograph thus formed assuredly allows of our taking account of the variety of facts corresponding to the variety of situations, but, on the other hand, it scarcely gives general views, and *numerical studies of social facts*, unless it assumes the character of an ordinary enquiry which would be much more detailed.

2. The agents, that is the writers of the new monographs have been only, as we said above, department professors of agriculture and presidents of the chambers of notaries. Neither were in a position to supply this numerical study of the division of property we have just spoken of. They have, therefore, merely given a few figures representing averages and showing their total impressions or information.

Such impressions and information have not the precision of a numerical return, but still they refer to long observed facts, the *recent variations, of which*, that the simple numerical statement would not supply, are indicated when required by competent persons.

Such are the principal characteristics of the Enquiry of 1908-1909. Before analysing it, to show the general results of these direct monographic studies, we shall reproduce one of these so as to allow the reader to form an idea for himself of the method followed and its distinguishing characteristics. We reproduce here the monograph on the Department of Ain, in the valley of the Rhone, contiguous with Switzerland.

§ 5. *Monograph on Ain.*

"The department of Ain may be divided into two very distinct agricultural regions.

(1) The mountain region, called *Bugey*, including the arrondissements of Belley, Nantua, Gex and a small part of that of Bourg ;

(2) The plain including *Dombes* (Trévoux), *Bresse* (Bourg) and the small level regions of the other arrondissements.

Meadows prevail in the higher portion of the first region, vines in the lower; it is habitual, taking account of the area, the kind of cultivation, the market price of the land, the agricultural equipment and all other economic and natural factors, to call "small holdings" those of an area of from 3 to 5 hectares; "medium holdings" those of 15 hectares, and "large holdings" those between 30 and 40 hectares.

In the second region, in *Dombes*, the limit of small holdings is 15 hectares, that of medium holdings 35 hectares, and that of large holdings between 60 and 100, in the region furthest from Lyons which may be called the region of ponds.

In the parrrt near Lyons, at Sathonai, Rillieux, Mirabel, and about Trévoux, the exceptional market offered by the large town has promoted the progress of market garden cultivation. There, by "medium holdings" are understood those of 3 hectares, and by large holdings "those of 10 hectares.

In *Bresse* a district of arable land and varied cultivation, the figures are respectively: 10, 20 and 40 hectares.

In none of the regions thus defined can there be shown *in the last twenty years, the least tendency towards concentration of property. On the contrary, small holdings have increased both in number and total area.* The increase is slight but it is there: it is much more perceptible in the "number" than in the "area"; everywhere, it takes place to the detriment of large estates, which when sold have been divided. We must, besides, observe that, if some large estates of *Dombes* have not been divided, the reason is that they contain large ponds that bring in good profits. They are in the hands of rich Lyons manufacturers, who derive from the sale of their fish a sufficient interest on the purchase price and also like to possess a reserve of land or water game. The proportion of the average and small holdings in *Bresse* seems to be 83 (50 + 33) %; in *Dombes* it is near 40 (30 + 10) % and in *Bugey*, at *Belley* 98 (23 + 75) %; at *Gex* 98 (11 + 87) %, at *Nantua* 95 (20 + 75) %.

Considerations with regard to the kind of cultivation and that of the market price of the land in question, together with that of the area, above all in *Bugey* and a part of *Dombes*, do not modify the general result. In *Dombes*, in fact, market gardening is confined within very definite limits and, in *Bugey*, whilst the value of the vineyards has decreased by 55 %, the price of arable land in its turn has fallen 33 %, and that of meadow land from 15 to 20 %.

Approximately, in *Bresse*, arable land is worth 1,000 francs the hectare, meadow land 1,700 francs and vineyards 2,500 francs. In *Dombes* the figures are respectively: 800 to 1,000 francs, 1,500 frs., and

1,500 to 1,800 frs. the hectare. In the market gardening part of this region, land for special cultivation is sold at from 4,000 to 5,000 francs the hectare. In Bugey, arable land is quoted at from 900 to 1,500 francs, meadow land and vineyards at from 1,500 to 2,500 frs. the hectare.

The valuation of the agricultural equipment, of great importance especially in Bresse, presents no difficulties; threshing is almost everywhere done on the farm, and reaping, weeding, sowing and mowing machines and cream separators, all very numerous, are almost uniformly widespread.

On the other hand, in Ain, there is no concentration of farms, that is, no absorption of small farming by large farming by reason of any marked superiority of the latter over the former. Small farms are, in the whole department, in a better position than large ones from the point of view of the means of production and the economic results. They are better supplied with labour, without being quite as well equipped with machinery as the large farms; small farmers make an intelligent use of machinery, manure their lands, tend their cattle better and supervise the farm work better. In Bresse, where poultry and pig improvement give exceptional results, it is not rare to find a quite small farmer renting, and, later on, buying a farm of average size. In Bugey, where the viticultural crisis raged, the small farmer fell back on livestock improvement and milk production. In the Gex district, small farmers get a good price for the milk they sell at Geneva, directly, or through intermediaries buying their year's supply. Elsewhere, the decline in fortune of the large estates oppresses the large farmers: they hesitate to carry out on their lands repairs and improvements which seem to them expensive.

Indirect farming is not shown to be increasing. It is rather diminishing. *Tenant farmers, above all at Trévoux the small farmers, are buying land almost everywhere. Exaggerated subdivision is not spoken of as a deplorable evil, because to remedy it, the very small farmers are more and more buying land. In Bresse only 33 % of the landholders or tenant farmers are at the same time agricultural labourers. This proportion is tending to diminish, just as at Belley, where it is now 15 %. It is much higher at Gex or at Nantua (90, 80 %), but this is quite special to this region of dairy production where large estates, so to speak, do not exist. Between the agricultural labourers and their employers, who are often of the same rank, there can be no question of class disputes: the native agricultural labourer not possessing anything is hardly met with in the country. The labourers come largely from Haute Savoie. In Dombes, a district of large estates, 70 to 80 % of the agricultural labourers have bought land.*

It is only at Gex that, together with habits of luxury and expenditure, heavy mortgage debts among the peasants are reported."

* * *

Better than any commentary could, this quotation will give the reader an exact idea of the Monographs of the Enquiry. The one we have reproduced does not differ appreciably from the rest. Numerical data are rare ; they simply mark with precision an average like that of the area of small, medium or large holdings, the proportion of one of these classes to the others, and the depreciation of the soil in the last twenty or thirty years.

The authors of these studies indicate a fact without always seeking for its causes, and they proceed by clear assertions as we have been able to observe in the above monograph on Ain, where the official correspondent says for example :

" In none of the regions can there be shown the least movement towards concentration of property, in the last twenty years.

" In Ain there is no concentration of farms.

" In Dombes, from 70 to 80 % of the agricultural labourers have bought land.

" Only in Gex is there observed a heavy mortgage indebtedness of the peasants."

The character of the monographic studies having been now briefly exhibited, it remains for us to give the general conclusions that can be drawn from them.

§ 6. *General Results.*

The Agricultural Department has itself prepared synoptic tables to place in clear relief the conclusions of the enquiry.

The first and most important of these conclusions refers to the evolution of small holdings in the course of the last twenty years, 1888-1908.

1st. As to the *number* of small holdings, there was found :

An <i>increase</i>	in	. . . . .	42 Departments
a <i>decrease</i>	in	. . . . .	13 "
a <i>stationary condition</i>	in	. . . . .	17 "
<i>Different results</i> , according to districts,	in	.	15 "

2nd. As to the *area* of the agricultural land occupied by small holdings : the results furnished by the Enquiry are as follows :

<i>Increase</i>	in	. . . . .	52 Departments
<i>Decrease</i>	in	. . . . .	5 "
<i>Stationary Condition</i>	in	. . . . .	19 "

Different results, according to districts, in 11 Departments.

It follows from the above that small holdings, such as they are defined in each region of the departments, show no general diminution either from the point of view of number or of area.

The only departments, 13, in which there was shown a decrease in the number of proprietors, were :

Hautes-Alpes	Haute-Marne
Ardèche	Meuse
Aube	Nièvre
Côte-d'Or	Oise
Eure	Orne
Jura	Seine
Lozère	

This decrease appears to be due to special causes and not to a tendency to capitalist concentration similar to that observed sometimes in industry and commerce.

Thus we read in the Monograph on Hautes-Alpes :

" Large estates have not increased; small holdings, without the change being very noticeable, have diminished in number and increased in average area, a twofold occurrence which is to be explained by the constant emigration of the small farmers to the towns and to America (California). Those who go, before they leave, sell their land to their relations and neighbours. Thus is explained the decrease in Hautes-Alpes in the number of small labouring proprietors; when they return from America, it is generally with a small fortune. They repurchase a small holding in the district, which they cultivate without thinking of hiring themselves to others."

In Aube the explanation of the economic occurrence is similar and excludes any conclusion in favour of concentration of landed property.

" In all five regions, small holdings so understood have diminished in number and increased in total and average area, but it must be observed that in Nogentais, with the very significant increase in the total area of the small holdings, the number of small proprietors is rather increasing than decreasing. Generally, the number of small proprietors has decreased in consequence of the depopulation of the country districts and the average area has increased by sales and purchases due to this exodus. Many small holdings have thus become medium holdings. Again *the decrease in the large estates is general both in number and in area*: there are only slight reservations to be made for the Jura region and the chalk district of Champagne."

Elsewhere, in Nièvre, for example, the same explanations show that large properties have not gained in any way by the diminution in the number of small proprietors, which has indeed increased in certain regions:

"For twenty years, in the whole department, small holdings have been slightly decreasing in number through the exodus of the small landowners; they have slightly increased in total area at the expense of large estates. The position of the large estates has remained stationary at Nevers and at Château-Chinon, but they have been subdivided to an appreciable extent in the last twenty years at Clamecy and Cosne, and it is rather small than medium property that has benefited by this subdivision."

In Oise — as in other districts — a *demographic* phenomenon is remarked explaining the decrease in the number of the proprietors. The fact is clearly indicated by the writer of the monograph:

"The position of small property has remained unvaried in Noyonnais and the valley of the Oise. We might report here a slight tendency to decrease among the large estates in favour of average holdings. In the same way, in the plateaux of Thérain, the decrease seems not very noticeable.

In all the other districts there has been an appreciable decrease both in the number and area of small holdings; average holdings have increased to the detriment of the former, and large holdings have slightly increased both in number and area at the expense of both medium and small property.

It seems, then, that in Oise we have to report a tendency towards concentration of landed property. *But this tendency has a special origin, which must be noted; it is depopulation, a decreased birthrate. The five most agricultural cantons of the department, Crèvecœur, Froissy, Songeons, Marseille and Guiscard had 39,534 inhabitants in 1881; in 1906 they only reported 31,195. And births are rarer and rarer. Thus the only son of a small farmer marries the only daughter of a farmer of the same locality and the two properties are united; later on an only child inherits. We have here the entire special machinery for concentration in Oise.*"

These examples are sufficiently typical and it seems idle to multiply them.

The 1908 enquiry authorizes and even lays down a first very definite conclusion:

The number of small proprietors has increased instead of diminishing in the majority of the districts of France, and even where there has been a decrease, large estates have not been enlarged at the expense of the small. Territorial concentration has not been observed, at least not in the immense majority of cases.

This first conclusion has been confirmed and not contradicted by observations on the area occupied by small holdings.

We saw above that there was, however, observed a decrease in this area in five departments ;

Eure,
Lozère,
Oise
Orne
Seine

In the departments of Oise and Orne it is medium and not large holdings that have been increased by the reduction of the area occupied by small holdings. What the writer of the monograph on Oise says under this head (see above) is true also for Orne.

In Eure it is again the decreased agricultural population that explains the decrease in the area owned by small proprietors. The author of the Monograph on this Department expresses himself as follows :

" Small holdings tend to diminish in number in nearly all the districts of the department. The rural communes are more and more depopulated. This exodus has considerably reduced the number of small landholders ; it has occasioned an increase in the area of average and large holdings, and a slight decrease in the total area of the small holdings. Yet it is noted that in the arrondissement of Andelys medium holdings have slightly decreased to the benefit of small holdings. Large holdings have increased in area but it is especially the medium holdings that can show an important increase."

In Lozère a special cause would seem alone to explain the decrease in the total area of the small holdings. This is how the specialist, who drew up the report, expresses himself :

" In the last twenty years, small holdings in Lozère have decreased in number and area. This decrease is due to the exodus, occasioned by the chestnut disease in the Cevennes in 1895. We find to-day in these parts many houses that are falling in. The emigrants have not sold, but have let their little holdings to their neighbours. In Causse, emigration has been arrested by the extension assumed by the manufacture of Roquefort cheese. The breeding of milk producing sheep brings the small farmers in much higher profits than grain cultivation did ten years ago. This decrease in the small holdings has no effect either on medium or large estates. The owners of medium estates do not buy for want of money ; large landholders do not buy either, because they have enough land lying fallow not to add more to it. The trees are sold for their wood ; when the trees are cut down the undergrowth is too often left to be destroyed by goats. "

It is quite an accidental cause and not a social evolution.

Finally, the *second* conclusion of the enquiry is also very definite : the area of the small holdings has *increased* in the last twenty years, just as the number has increased.

§ 7. *Economic Results of Cultivation by Small Farmers.*

It was certainly interesting to enquire whether *cultivation* carried on by small farmers, that is, generally, *farming on a small scale*, gave results inferior to those obtained from average or large farms.

The question has been often put, discussed and answered, indeed, in very different ways.

What answer has been given to it by the French Enquiry of 1908-1909 ?

The first conclusion relates to the *means of production* ; the authors of the monographs have judged that small farms (*and consequently cultivation by small farmers*) were

<i>superior</i>	in	. . . . .	27	departments
<i>equal</i>	in	. . . . .	15	„
<i>inferior</i>	in	. . . . .	29	„

inferior or superior, according to the district, in 14 departments.

To sum up — and this is already a very interesting result, — small farms are by no means generally inferior and are sometimes even superior from the point of view of the means of production.

The first conclusion already suggests the second, which is of capital importance. From the point of view of economic results — gross and net yield — it would appear that small farms are

superior	in	. . . . .	47	Departments
equal	in	. . . . .	9	„
inferior	in	. . . . .	16	„

sometimes inferior, sometimes superior in 13 Departments

Certainly the superiority of farming on a small scale is already recognised in the majority of the departments, but it is well, all the same, to reproduce certain information from the monographs on the departments in which small farms seem inferior. Can it be supposed that the superiority of the large farms gives rise to the expectation of rapid progress entailing the decline of small peasant proprietors ?

On this point the two monographs on Meuse and Meurthe-et Moselle are most instructive. In the former we read :

“ Large farms avail themselves of all improved machinery. In the valley of the *Meuse*, where the area of meadow land possessed by small

farmers is comparatively large, we often find a reaping machine with rake worked by horses. In the same region the use of the tedding machine on medium farms is common.

« There, is then an appreciable inferiority in equipment on the part of small as compared with large farms. This inferiority is accentuated by the impossibility of the small farmer, without credit, obtaining chemical manure, selected seeds or thoroughbred breeding stock.

« But the small farmer does not allow himself to be beaten. He has his advantage in the matter of labour. He keeps a larger stock of cattle, principally in Barrois and the Meuse Valley. On wine farms his winemaking plant is equal in proportion to that of the large farmer. If he is inconvenienced by his land being subdivided in scattered parcels, the large farmer is equally so and often more.

« Altogether, the inferiority of the small farm is slight.”

We see that the superiority of large farms is scarcely a danger in Meuse.

The same may be said in the case of the department of Meurthe-et-Moselle.

“ Small farms are inferior to large in the agricultural part, for the chief reason that small farmers, attached to their routine, are specially averse to progress. It cannot be said that the small farmer especially lacks capital; he lacks initiative. The average, and large farms suffer from the same defect, but in less degree. The large farms suffer much from deficiency of labour, from subdivision in scattered parcels, and from the want of farm roads, whence it results that, though superior to the small farms, *they do not threaten to absorb them; far from that; their superiority is no menace*; the profits they realise are not in proportion to the capital invested in them.”

Finally, small farms — and, consequently, farming by small proprietors — are not markedly inferior even in the districts where it is found that they do not yield the same results as large farms.

This conclusion is too intimately connected with the very scope of the enquiry into the situation of small holdings in France for us to neglect to point it out.

§ 8. *Mortgage Indebtedness.*

This subject was dealt with specially in all the Monographs in response to the Enquiry and it is very interesting to note the conclusions of each author. We know, in fact, that the mortgage debt on peasant property has often been described as a crushing burden.

The opinions expressed by the writers leave no room for doubt on the matter. All appear to agree in saying that the debt on mortgage —

except in the vine districts — does not constitute a danger or too heavy a burden. At most they indicate, *without being alarmed*, the existence of mortgage burdens *corresponding only to a portion of the purchase price not yet paid by the small farmer*. There is no question of seizure, of frequent re-sale, or of extreme sacrifices placing the small proprietor in a difficult situation.

The constantly repeated note in this connection is: "*Nothing to be said of a debt on mortgage specially burdening small holdings*," or again, "*Mortgage debts, very heavy in the viticultural regions, do not specially burden small holdings there or elsewhere*."

These conclusions are the more worthy of remark, as the Agricultural Department specially consulted the Presidents of the Chamber of *Notaries*. These public officers are in a special position to appreciate the burden of the mortgage debt as any contract of the kind is of necessity known to them.

* * *

Such are the general results of the Enquiry we have studied. Our analysis is quite impartial and simply reproduces the opinions expressed in the officially published documents.

DANIEL ZOLLA

Professor of the Free School of Political Science.

MISCELLANEOUS

GREAT BRITAIN AND IRELAND.

CURRENT QUESTIONS.

Rural Depopulation and its Arrest in England and Wales (*continued*). *

III. — The Readjustment of Agriculture to Changed Conditions.

§ 1. *The Growing Demand for the Minor Products.*

We have seen that the competition of the great developing countries of the world has brought down the price of wheat, once the main product of English farming, restricting the area upon which it would pay to grow it. But it is increasingly true that "man does not live by bread alone." The very causes which have brought down the price of the "primitive" foods, and with them the price of all industrial products, have provided demands and a market which fifty years ago had no existence. Mr. Graham says: "The sort of man who had bread and cheese for his dinner forty years ago, now demands a chop; and he who was content with a chop now demands a chicken . . . no man is so poor that he cannot afford a wheaten loaf. Such luxuries as strawberries, once only bought by the well-to-do, are now consumed by the million in the working class homes." Nor is the change only in respect or quantity of kind of food. With the rise of prosperity the people have learned to criticize their food, and there is an increasing demand for food of good quality.

* For the sources utilised in compiling this article, see the previous part, published in the *Bulletin of Economic and Social Intelligence*, 3rd Year, No. 5, May, 1912.

The habit of drinking fresh milk has spread with prosperity. Social reformers year by year lay more emphasis on the need of the children of the nation for fresh milk. Experiments like those tried within recent years in Halifax have all been in the direction of teaching the almost exclusive use of fresh milk for young children to working class mothers, where before they gave them tea or stout or condensed milk. In some towns milk is even supplied at nominal prices.

Though possibly less cheese is consumed per head, the demand for cheese goes on growing with the population. Where dry bread was once eaten, bread and butter is eaten now. Eggs are used in increasing number every year. Flowers are in request in vast quantities by the richer people in the great centres: indeed a love for flowers is becoming far more common among all classes. It is said many would rather go without bread than flowers. This is partly no doubt the result of greater refinement, partly of the lack of flower gardens in city homes.

The new markets for agricultural produce, then, must be provided for by the development of what might be called the minor products of the soil, by market gardening, dairying, poultry keeping. In past times, for instance, poultry keeping was regarded as quite a subsidiary matter, generally carried on by the farmer's wife, who was content if she got "pin-money" out of it.

§ 2. *How other Countries have supplied the Demand.*

In many respects the English agriculturalists are very conservative and it has taken longer for this change in the possibilities of cultivation to be recognised among them than in other countries. Some countries have reorganised their agriculture in order to meet just this new set of wants in the teeming cities of England, the social structure of their country districts in some cases, as in Holland and Denmark, lending themselves more easily to the change. Clever English providers, recognising the difficulty of organising the supply by the conservative and intensely individualistic British farmers, have gone abroad and organised centres of supply for the English markets. So that by the time the change had become apparent to the English cultivator he was face to face with a competition already in full swing.

In 1903 England imported from Denmark alone 462,187,000 eggs, and in 1908, 469,964,000; practically the whole of this trade has been built up since 1895. Russia has also organised the exportation of eggs, and in 1908 sent 847,382,000 eggs to England. The total imports of eggs (which came almost entirely from other European countries) rose from

1,035,171,000 in 1886 to 2,393,111,000 in 1904. (Since then the importation has declined slightly). In 1864 the value of eggs imported was £834,028, in 1904 £6,730,574, an increase of £5,896,576 in 40 years.

The imports of poultry and game (the latter accounting for about £100,000) have risen from £351,888 in 1886 to £1,053,933 in 1907. In 1904 the imports of poultry alone amounted to £1,089,044 from Russia, Belgium, France, and the United States.

Of butter in 1908 England imported 4,210,831 cwts. of which 1,857,103 cwts. came from Denmark; and the total value was £15,960,571. In 1908 the importation of cheese amounted to 2,306,086 cwts., of which 1,541,502 cwts. came from Canada, and 279,401 cwts. from Holland.

The total quantities of fruits and vegetables (exclusive of fruits not easily grown in England) rose from 18,848,206 cwts. (value £8,611,690) in 1900 to 23,133,463 cwts. (value £10,664,195) in 1904.

In estimating that England imports almost half of all her food consumption, including wines and tropical fruits, Dr. Pierre Besse adduces figures to show that by the calculations of the Royal Statistical Society, from 1899 to 1903 she imported 57 per cent. of the butter, 65 per cent. of the cheese and 41 per cent. of the poultry and eggs consumed.

The above figures show a growing market for products many of which by the re-organisation of her agriculture, England could very well supply herself, and supply better and more satisfactorily as the desire for quality as well as quantity becomes more widespread. They also show the way in which other countries have taken advantage of these markets and the amount of competition English farmers have had to face in the new field.

§ 3. — *The Development of more Intensive Farming in England.*

The cultivation of these kinds of products is precisely that which favours subdivision of the land and demands a great deal of intensive cultivation and individual attention. In the figures that Mr. Roxby gives, we see that it is in districts devoted to this type of agriculture that rural labour has been most stable. In the 13 parishes comprising the Vale of Evesham in Worcestershire the increase of population has gone on steadily; between 1801 and 1851 there was 52.5 per cent. and from 1881 to 1911, at the time when almost every other type of agricultural village was losing population, the increase has been 47.7 per cent.; during the last two decades the increases were 15.3 per cent. and 17.1 per cent. respectively. He cites two other districts, less naturally favoured, where an increase of population has also taken place; in these districts a similar type of agricultural organisation has prevailed.

How far has England been able to keep up with these growing requirements, which have themselves been fostered by their early recognition by the farmers of other countries? With regard to the supply of cattle, both for milk and meat production, there has been great expansion in breeding high-class stock. The prices and demand for the best English meat have not diminished, and other countries still look to Great Britain for the best breeding stock. In thirty years cows have increased by 650,000 and two-thirds of these belong to the Shorthorn breed, which gives a heavy supply of milk. Cows now form 40.7 per cent. of all cattle raised.

About thirty years ago there were some 1,204,000,000 gallons of milk a year available for human consumption; the computations of the Royal Statistical Society, referred to above, placed it in 1903 at 1,723,000,000 gallons. The Agricultural Statistics for 1910 show a steady increase in the average number of cows and heifers per thousand acres of cultivated land (the total area under crops and grass); in England the number per thousand acres rose from 65 in 1875-9 to 84 in 1910, and in Wales from 95 in 1875-9 to 102 in 1910. While the increase in the Western and Central dairying districts has been from 128 to 152, the most notable change is in the corn-growing Eastern counties (48 to 74) and in the South-Eastern counties (34 to 47). According to the Agricultural Statistics for 1906 consumption had risen by 100 millions of gallons per annum; taking this consumption at 15 gallons per head, it was computed that every year there should be a further supply of 6 millions of gallons. Out of 1,723 gallons produced annually, 620 millions were for the fresh milk supply. The Agricultural Statistics for 1910 show that in relation to the ever growing demand the increase of the milking herd is not altogether satisfactory, although a greater proportion of cows are kept for milking purposes. While the population has augmented by 33 per cent. the production of milk (including butter and cheese) has only risen 25 per cent.

Although apparently English farmers have allowed foreign competitors to beat them in the supply of butter and cheese, there is still more milk used for butter-making and cheese-making than for the supply of the fresh milk market: 944 millions of gallons being used for butter making and 153 millions for cheese. But the fresh milk industry has been better organised than any other section of English dairy production. In 1893 the county of Essex, where the land was formerly devoted almost exclusively to corn-growing, had become almost derelict. A number of Scotch and Lancashire farmers, finding they could get land very cheaply in Essex (in some cases for paying the rates and taxes) came with their cattle and started dairy farming. At first they had difficulty in marketing their milk but the difficulties were overcome by combination and the application of co-operative methods. The farms were made to pay largely by the work of the whole families, and while the number of hired women was small,

the mother of the family usually assisted her husband by milking the cows and otherwise sharing in the labour in which her family had an interest. Essex is now a flourishing agricultural district and an active centre of agricultural education and experiment.

As regards fruit, Mr. Pratt estimates that in 1904 there had been an increase of 63.9 per cent. of orchards in thirty-one years and an increase of acreage under small fruit of 11.7 per cent. in seven years. The Agricultural Statistics for 1910 show an increase in twenty years of 16.2 per cent of acreage under small fruit and 11.5 per cent. of orchards and in 1910 an increase from 1907 of 84,309 acres as compared with 82,175 of the first and 250,673 acres as compared with 250,176 of the latter.

An example is given by Mr. Pratt of a district in which the cultivation of fruit and flowers has almost entirely superseded that of wheat-growing. In 1875 only about 200 acres in the district around Wisbeach were devoted to fruit and flowers; in 1905 it was estimated there were 4,500 acres; and the majority of the cultivators came under the definition of "small holders." In and around Spalding in Lincolnshire there were in 1906 300 acres under flowers and bulbs, and the area devoted to these industries had doubled in five years and quadrupled in ten. During the season of 1905, 400 tons of cut flowers were estimated to have been sent out from Spalding. Many of the consignments were sent from cottage gardens, or by the allotment holders. In this district the population has increased by 7.9 per cent during the last decade, whereas it was one in which the population had decreased between 1851 and 1891, and only increased by 0.2 per cent. between 1891 and 1901.

The annual production of the English poultry yard according to Mr. Edward Brown, the Honorary Secretary of the National Poultry Organisation Society almost doubled in value in thirty-one years, being estimated at £6,000,000 in 1878 and £11,700,000 in 1908. In the same time consumption rose from £9,750,000 to £20,000,000.

Dr. Besse makes a remarkable comparison between the annual value of the poultry yard products and the value of the wheat produced in the years 1907 and 1908 £11,703,000 and £10,370,000 as stated in the Agricultural Statistics for 1908, in order to show the importance the poultry industry is assuming. It is certain, however, that it is not nearly what it might be, were it better organised. The Agricultural Organisation Society and the National Poultry Organisation Society are endeavouring to organise the industry on the lines adopted by the continental countries, but much remains to be done.

Competition in early fruit and vegetables is being met by the great expansion of production under glass. In 1860 the acreage covered with glass houses scarcely exceeded 200 acres; in 1905 there were 1,500 acres.

The best results in this kind of cultivation are said to be attained by the "small man" with an industrious and hard working family.

§ 4. *Increase in the Number of Small Holdings.*

From the foregoing it is evident that every branch of the new agriculture adapted to fulfil the requirements of a market of recent and constantly increasing growth, is peculiarly suited to small holdings — the type of holdings capable of supporting a much larger population than the big farms have been able to do for nearly a generation. Corsley again provides an interesting concrete example. Miss Davies, referring to the period between 1870 and 1885, when the conversion of arable to pasture was taking place in the districts, writes: "The difficulty of letting farms at this time led to some of them being broken up, and leased in small holdings. This reversion to something more nearly resembling the old system of distribution in Corsley was ultimately a great boon to those of the inhabitants who remained. The rich sandy soil is peculiarly favourable for the success of the small holding, and there are probably at least thirty families in Corsley at the present day with less than twenty acres, who as market gardeners or dairy farmers make their living mainly from the land."

Most of the figures given in this review of the situation are, it will be noticed, not later than 1908, and many of them are prior to that date. Some indication of the present trend may be gathered from more recent figures relating to small holdings, in view of their intimate connection with the "new agriculture" and the influence of the latter on repopulation of the rural districts. These figures may also throw light on the census returns for 1911.

In 1895, farms of more than 300 acres occupied 27.37 per cent. of the superficies of cultivated land in England alone, and farms of more than 100 acres (including the foregoing) 69.96 per cent. The Agricultural Statistics for 1910 show that within 25 years 1,795 farms of over 300 acres have disappeared, 249 since 1905, 134 between June 1909 and June 1910. The report says: "The large farm of several hundred acres, which was at one time regarded as furnishing the most characteristic example of British agriculture, appears to be gradually losing its position, and at the present time little more than three per cent. of the agricultural holdings can be so described The change is no doubt mainly attributable to subdivision." In England alone the number of holdings of this class is 3.92 per cent. of the total number of holdings; in Wales, 0.6 per cent.

Since 1885 the only class of holdings which has shown a continuous tendency to increase has been the holdings of between 50 and 300 acres. In 1910 there were in England 5,908 more than in 1885, and 483 more than

in 1895 : in Wales 108 more than in 1885 and 12 less than in 1895. In 1910 there had been an increase of 205 new holdings of this class.

The small holdings, properly speaking, were until quite recent years declining steadily in England. Of those of 5 acres and not exceeding 50, there were 4,276 less in 1910 than in 1885, but only 467 less than in 1895.

During the same period in Wales there has been an increase of this class of holdings. In 1910 there was an increase in the numbers of 2,269 as compared with 1885 and 313 as compared with 1895. Holdings of above one acre and not exceeding five, compared with 1895, in England show a diminution of 805 and in Wales of 108.

But the last two years have shown a "striking change of tendency" with regard to small holdings of 50 acres or less. Between 1890 and 1908, the total decrease in the number of this class of holdings in England and Wales was 22,000, but between 1908 and 1910 there was a net increase of 1,626. This proves that there has been a strong counteracting influence, which the Report attributes mainly to the Small Holdings and Allotments Act of 1907 (1). There is no doubt that the Act gave scope to the impetus created by the new needs that we have discussed. In Scotland, to which the Act did not apply, there was a further decrease in this class of holding of 208.

In 1887 and 1890 Allotments Acts were passed to facilitate the provision of allotments, that is (speaking broadly) small plots of land which could be cultivated by artisans and labourers in their spare time. This Act did much to improve the lives of the working classes, and the cultivation of allotments has paved the way for small holdings, as it has helped to train cultivators who can make them successful. The first Act which was passed with the object of creating small holdings was the Small Holdings Act of 1892. This Act gave power to County Councils to purchase or hire land, and let or re-sell it in small holdings to suitable applicants on easy terms. It also empowered County Councils to advance money to the tenant of a small holding who had agreed with his landlord for the purchase of his holding.

This Act was almost a dead letter. Dr. Besse notices the disinclination there was at the beginning of the twentieth century to let or sell farms in lots. Probably, therefore, it was at any rate partly due to the difficulty of obtaining land that very few holdings were created under the Act.

The Small Holdings and Allotments Act passed in 1907 introduced two new principles of great importance. It imposed upon the County Councils the duty of providing small holdings for suitable applicants, and empowered the Board of Agriculture to appoint Small Holdings Com-

(1) See the *Bulletin of Economic and Social Intelligence*, 2nd year, No. 3 (March 1911 page 223.

missioners to see that this duty is performed. It also conferred upon the County Councils wide powers of acquiring land by compulsory purchase or compulsory hiring.

The Report of the Small Holdings Commissioners for 1909 showed that in two years a provision of land had been made, under the Act, for 6,600 applicants. The total number of applicants in those two years had been 26,883, for 437,124 acres : 15,191 of whom had been provisionally approved for 216,863 acres. The Report for 1910 showed that in three years the Act had resulted in the provision of land for approximately 9,035 applicants, and that 89,253 acres had been actually acquired or agreed to be acquired by County Councils for Small Holdings in England and Wales.

The Commissioners comment on the apparent discrepancy in the increase of small holdings reported in the Agricultural Statistics for 1910 between June 1908 and June 1910 (1,626, as noted above) when the number of small holdings which have been actually established up to the end of 1910 is 7,500. This seems to be due mainly to two factors, viz., that the growth of towns absorbs many small holdings and that many of the new small holders were already tenants of small quantities of land so that their holdings do not constitute an addition to the number of holdings. Further, many of the new tenants under the Act did not take up their holdings till after the Agricultural Returns were made up, and in some cases land let to an Association is returned as one holding, although it has been sublet by the Association to a number of small holders. In fact 3,454 acres have been let to 27 Co-operative Small Holdings Associations, who have sublet holdings to 490 of their members.

The bearing of the Act on the question of depopulation is clearly brought out in the Commissioners' Report for 1910. It states :

"A striking feature of the applications has been the large proportion of the applicants who were already holding some land, and who desired to increase their holdings." In some counties these formed over 70 per cent of the applicants. The son of a small holder is often thus enabled "to remain at home and assist in the cultivation of a holding, when without additional land he would have had to seek work in the towns or emigrate to the Colonies."

In 1908, 34 per cent of the applicants were agricultural labourers, in 1909 25 per cent, and in 1910 30 per cent. These are the class of men who, in order to keep them on the land, it is most important should be enabled to rise from the position of mere wage earners to be independent holders and cultivators of the soil.

The Act and its administration has an indirect bearing on the housing problem. The Report of the Commissioners for 1908 recommends that, although the Act imposes no direct obligation to provide houses for applicants, when a holding is asked for from which the applicant hopes to

obtain his living, and to which he intends to devote his whole time, the Council should be prepared to provide a house and the necessary buildings. In 1908, 16 per cent. of the approved applicants asked for a house, in 1907 27 per cent., and in 1910 27 per cent. The number of dwelling houses provided by County Councils in 1910 was 440.

An interesting point is raised in connection with the provision of houses, which throws a vivid light on the possibilities of "petite culture." In reply to inquiries from several County Councils as to the size of holdings on which they should be justified in erecting houses, the Board replied that no general rule could be laid down. The Act only empowers Councils to erect a house on holdings where there is a reasonable probability that the cultivation of it will pay the rent of both house and land. "Where however," write the Commissioners, "small holders go in for market gardening, fruit growing, or other forms of intensive culture, it is possible for them to obtain their whole livelihood from holdings of five acres or even less, and consequently in some cases the Board have sanctioned the erection of houses on holdings as small as two acres." The report goes on to show that under the Act it has been possible to provide a cottage and two or three acres of land at rents not exceeding those which the tenant would have had to pay for a house alone in the neighbouring town.

§ 5. *Indications of a General Revival of Agriculture.*

There are not wanting other signs of the revival of agriculture in England. The Agricultural Statistics for 1910 state that the values of nearly every kind of British farm produce has been higher in the first decade of the twentieth than in the last decade of the nineteenth century. In 1909 the price of English wheat has risen again to 36s. 11d. per quarter. The reaction of this upward kind of prices on the demand for farms is very marked. A striking instance is given by the Small Holdings Commissioners in their Report for 1908. "The demand for farms," they write, "is keener at the present time than it has been for many years past, and there has been a corresponding appreciation of the value of agricultural land. In one instance a farm of some 300 acres became vacant in the Eastern Counties. Within a few weeks of the death of the tenant, applications for the farm were received from two County Councils, one Small Holdings Association and seventeen individual farmers, and all of them offered to pay a higher rent than had been paid by the late tenant, though his rent had been raised only two years before." This illustration is the more striking as relating to one of the Eastern counties, which we have noticed as having passed through an acute crisis.

A portion of this revival is very likely due to the growing demand for food of superior quality. The great mass of imported foods is consumed by the working classes, and every year these are better able to appreciate the relative values of foods and become more exacting. Home grown foods on the whole are better than imported. For instance the flour made from American wheat is not generally as nourishing as that made from English wheat. Imported meat is poorer in quality, and is more or less depleted of its nourishment by being chilled or frozen.

Looking into the future, it seems reasonable to suppose that in some quarters foreign competition will become less severe. The United States has a vast and rapidly increasing population, which is likely to absorb more and more of its own products, especially as these products themselves may diminish. The Country Life Commission realised the very real danger of reduction of crops owing to depletion of the soil. Hitherto all the new countries have been producing from virgin soil, which is at first extraordinarily fertile; but unless those lands are very carefully and very completely fed they cannot go on producing at the same rate. There are indications that a lack of labour may also interfere with production. Dr. Besse says that the want of labour is even more widespread in the United States than it was in England in full crisis, although hitherto it has been met by a much more extensive use of machinery. The imports of wheat from the United States declined from 43,312,561 cwts. in 1902, to 20,696,900 cwts. in 1907. Although they rose again to 27,123,400 cwts. in 1908, yet in 1904-5 the importation was lower than it has been since 1870, viz. 7,051,600 cwts. and 6,634,700 cwts.; and this was not compensated for by any increase in the importation of flour from the United States, as since 1904 this has been less than in any year since 1884. The same considerations apply in various degrees to all the newly developed countries.

Again the standard of life is rising among industrial populations other than those of great Britain, and a similar need for a lighter diet is being felt by urban peoples. There has been recently, for instance, a certain diversion of the egg supplies of Russia, South Eastern Europe, and, to some extent, of Denmark, from the English to the German market. In other words the world supplies of foods which have acquired a new value will have to be shared more generally with other European peoples.

These facts, considered together, at any rate suggest that the English farmer is not likely again to be compelled to face such fierce competition as during the past fifty years.

It can hardly be said that there are grounds for unqualified optimism, or any relaxation of study and watchfulness; but on the whole the outlook for English agriculture is much more hopeful than at the close of the past

century, and there seems good reason for believing that in consequence a re-peopling of the rural districts has already set in.

We have now to consider briefly the means proposed for fostering this movement, and the tendencies which would appear to be favourable to it.

IV, — The Promotion of Agricultural Development and Repopulation.

§ 1. *Economic Legislation.*

In England it is usual to rely more upon private initiative and the natural adaptability of the people for bringing about economic and social developments rather than upon legislation. Much might, however, be done by a systematic and thorough inquiry into rural problems, especially into local conditions and requirements, and by making use of the knowledge so gained in order to devise effective legislative facilities and encouragement for agricultural development.

We have seen how the Small Holdings Act met a need that had become insistent, apparently just at the moment when it could have the best effect. In their first Report the Commissioners stated, "All over the country there are men who for years have been desiring to obtain land and who have both the capital and the knowledge that is necessary to make them successful small holders the type of man who too often in the past has despaired of obtaining land in this country and has emigrated.

The Development and Roads Improvement Funds Act, 1909, (1) is another step in the direction of responding to the increased interest in rural problems. It provides, among other things, for the advancement of funds to Government Departments, or to Educational or Public authorities of any kind, for aiding and developing agriculture and rural industries, promoting scientific research and experiments in the science, methods and practice of agriculture, the organisation of co-operation and the general improvement of transport. The Act seems likely to give great impetus to agricultural research and technical education.

In the interests of restoring the population to the rural districts, and building up a permanent rural population too much emphasis cannot be laid on the importance of fostering by every means the re-attachment

(1) See the *Bulletin of Economic and Social Intelligence* 1st Year, No. 2 (October-November, 1910), page 96.

of the people to the soil. Where the people have a direct interest in the land, whether by ownership or security of tenure, we have seen they will remain on it; that they will give to its cultivation and development infinitely more time and care and toil than when they are merely wage-earners; that they will, so to speak, stand by the land in times of change and crisis, and even wring success out of apparently unpromising conditions.

The effect of land possession on the actual increase and health of the inhabitants of the rural districts is extraordinary. Miss Davies gives some very interesting figures illustrating this in the history of Corsley. She shows that the greatest wastage of human life by infantile mortality occurred in the families of the agricultural labourers, and that on the other hand the children of market gardeners displayed a remarkable vitality; so that, although there were actually more children born among the labourers the mortality among young children was ten times as great as among the market gardeners.

Moreover, a social tendency of grave national moment is involved. As the standard of life rises people are increasingly averse to having large families, unless they can be certain of having a settled home in which to bring them up. Not only does a large family hinder a man from free movement to any part of the world where his labour can fetch the highest money wage, but a new sense of responsibility of the parents, especially on the part of the mother, towards the children, makes a couple hesitate to bring into the world more children than they clearly see their way to provide for and educate at least up to their own standard. Thus the re-settlement of the rural districts with landholders rather than with wage earners might exercise a strong counteracting influence on the falling national birthrate, besides preserving for the nation a greater number of the children born.

§ 2. *Social Legislation.*

From the social point of view, as well as from the economic, the State might effectively intervene to build up a contented rural population. President Roosevelt wrote in his letter appointing the Country Life Commission, "Agriculture is not the whole of country life. The great rural interests are human interests, and good crops are of little value to the farmer unless they open the door to a good kind of life on the farm."

First among the social questions is that of the education of the children. All writers on the social causes of the depopulation of the rural districts are unanimous in considering that the state education has been totally unsuited to the needs of the country child. Dr. Besse declares that while railways have provided the means for the peasant to move away

from the land, the school is responsible for inspiring him with the wish to do so. What is needed is a type of education that will interest the boy and girls in country life, instead of separating them from it. Education in the past has been too bookish, too little concerned with the application of knowledge to meet every day needs. In the early days of education the power to read and write and figure was supposed to have some magic in itself. In the towns, it has been found necessary to add to elementary teaching, as distinguished from secondary education, a certain amount of technical instruction. That the country has also a technical side, apart from definite agricultural training, has not been recognised sufficiently. The appreciation of the world of nature, and of man's power to use and modify it, must run through all instruction in the rural school. If the rising generation is to be kept on the soil they must be interested in it; the children must be trained for country life. In this respect rural education has suffered like so many other problems, by the consideration of the broad question chiefly as it has affected city life.

The rural housing problem calls for very definite and careful consideration. At present the requirements of the sanitary authorities make the erection of cottages very expensive, and these often bring no return to the landowner beyond making it easier to let his land. The difficulty might be met by some system of building societies supported by advances of State funds, and, possibly, the sanitary regulations, which have usually been framed with an eye to urban rather than rural conditions, might be so modified as to be less burdensome.

Amongst the social legislation which may be mentioned as having an indirect but important influence on the rural problem are the Old Age Pensions Act, 1908, and the National Insurance Act, 1911. They will give a greater sense of security to the rural workers, and the maladies incidental to rural occupations will be more effectually dealt with.

§ 3. *The Development of Co-operation.*

Foremost among the policies deliberately to be adopted comes perhaps the development of the idea of voluntary associative effort for the common benefit of the co-operators and for the intelligent and adequate supply of the market.

The Small Holdings Commissioners lay great stress on this in every report. In their Report for 1908 they express the hope that small holdings associations may be formed in connection with the great co-operative industrial associations. One of these was estimated to purchase corn, meat and vegetables which would require at least 100,000 acres to produce.

In their Report for 1909 they point out that the small holder cannot hope to obtain the best market prices for his produce, if he deals as an isolated unit, with either the productive or distributive side of his business ; in 1910 they lay emphasis on the fact that increased production without organisation can only spell disaster, by glutting the market. They say, " It is not enough to place men on the land. The whole machinery of co-operative organisation, coupled with increased facilities for agricultural education, must be built up in order that the small holders may be able to make the best of their land, and to dispose of their produce at remunerative prices."

There had been isolated co-operative societies from 1867, among agriculturists, chiefly for the purchase of machinery and other requirements, but the movement only received its real impulse in 1901 when the Agricultural Organisation Society was formed. By this society an active propagandist movement has been conducted. Beginning in 1901 with 25 affiliated societies, it had at the end of 1910 nearly 400 affiliated societies, with an aggregate turn-over of about £1,100,000. The societies forming the most numerous class were the societies for acquiring land and sub-letting it to members in small holdings or allotments ; of these there were 161. The societies for the supply of requirements and sale of produce numbered 145, and there were also 19 dairy societies, 39 credit societies, 20 egg and poultry societies, besides societies of various other kinds.

The Society has received a grant in aid of its work from the Board of Agriculture and, more recently, from the Development Commissioners.

§ 2. *Transport and the Bulking of Consignments.*

Closely associated with the question of co-operation between the producers is that of transport.

Many writers on rural questions, as well as individual farmers, complain bitterly of the " preferential rates " granted by English railway companies to foreign produce. Often this can be delivered on the markets at a lower rate of carriage than would be incurred to send English produce from one part of the country to another. Mr. Pratt emphasises the point that this has much to do with the way in which it is possible to deal with the imported products in bulk. The problems of the transport of English produce are much more complicated. Continental consignments are largely (though not exclusively) of commodities in regard to which extreme urgency, from the point of view of preserving their freshness, is not absolutely essential. These can be kept back for convenient grouping, and the mode of transport involving the least labour while the new

milk, soft fruit, green vegetables, new-laid eggs and freshly killed meat cannot be. But a very great deal can be done by co-operation and organisation, and the railway companies have conceded much to efforts in this direction. This is especially true of the milk traffic. Where this industry has been organised they run special trains to special platforms, and have established milk depots where the surplus milk can be stored for a certain number of hours, and run special trains back for the free conveyance of empty cans. The Staffordshire Farmers' Association has, according to Mr. Pratt, secured a clear financial gain to its members of £30,000 a year by organisation.

Where a number of agriculturalists will bulk their products, or arrange for one consignee, they can always secure reduced rates. The General Manager of the North Eastern Railway, giving evidence before the Departmental Committee on alleged preferential rates in June 1905, pointed out that while his Company carried 269,222 tons of foreign grain from two ports, Hull and Newcastle, the 265,893 tons of English grain carried by them in the same year, had to be collected from 467 separate points. A farmer who sent out during the year 1,993 waggon loads of potatoes (6,657 tons) consigned to 250 stations.

The great development in motor traffic will no doubt lend itself to a solution of the transport problem. An agricultural parcels post, as a branch of the National postal system, has also been suggested.

§ 5. *The Condition of Women in Rural Districts.*

Note has been made of the influence of the well-being and contentment of women in the rural districts. The Country Life Commission pointed out the importance of securing their comfort in the home by providing all household conveniences possible, and as far as possible varying the monotony and isolation of their lives, by encouraging the formation of social centres, clubs and other women's organisations. The suggestion made for grouping the houses provided for small holders is a good one on this score.

The lighter forms of agriculture we have been considering open an entirely fresh field for the activities of women, interesting, healthful, and possible for the more refined types. In these they can engage far more suitably than in the exhausting work of factory or workshop; and most of them possess the great advantage that they can be performed without withdrawing workers from the home. It would go far to check the exodus of the younger women from the rural districts, if they were inspired with the idea that they have a real interest and share in the suc-

cessful development of the agriculture of those districts. There can be no stability of population except where women, as the home makers, are contented to remain.

An experiment which may acquire increased importance is the revival of handicrafts in the homes of the people. There is a renewed demand for hand-woven stuffs, hand-made lace, hand-embroideries of all kinds; things with an individual touch about them, which no machine-made things can possess.

§ 6. *The Brightening of Country Life.*

With very little effort, compared to former times, the dullness of country life can be greatly modified. The increased facilities for transport which enabled the people to move from the country, can, judiciously used, be the means of bringing them back, and of transforming country life. Motor traffic and bicycles have brought country and town into much closer relationship. Educational advantages, hitherto associated with town life, are thus placed within reach of country dwellers; lectures can be arranged and attended, dramatic and musical entertainments provided, and country centres be constantly stimulated from the cities. Increased business co-operation is likely to lead, especially among an educated people, to more social co-operation, particularly if the needs of the country are studied with more sympathetic interest by the class of people who have devoted most of their social effort to the needs of the town. This is especially true with regard to the young people. A hopeful sign is the revival of ancient village sports, dances, and peasant drama and pageantry.

In this connection may be mentioned the project of Garden Cities, the aim of which is to brighten the lives of persons engaged in industrial pursuits by surrounding their work with conditions which combine the advantages of the country with those of the city. It is possible that this project may play an important part in the re-peopling of the rural districts. In 1902 Mr. Rider Haggard disparaged the idea as any serious contribution towards a solution; in 1906 he was convinced of its possibilities. Seven years ago the flourishing Garden City of Letchworth was bare grass land; there are now two factories established in it and it is growing rapidly, while at the same time it is preserving its rural character owing to the direction and control of its development by persons with a definite ideal to preserve. The industrial villages of Bournville and Port Sunlight, where all the workers in the great industrial enterprises to which they are attached have their own gardens and allotments and are by no means altogether separated from the soil, are examples to be studied.

Conclusion.

We have now traced the problem of rural depopulation in England and Wales, through its most striking phases, during the past sixty years. We have been forced to the conclusion that there really is a turn in the tide of the "rural exodus." There are two aspects of this change of tendency; one that it is being fostered to some extent by those who desire to see a movement "back to the land," and who are working consciously to that end, and the other and its more important aspect that there appears to be a natural revival of English agriculture which is making in that direction. This natural revival has sprung from a new opportunity as the economic cause, and the adaptability of the English people as its contributory social cause.

During the whole of last century we have seen English agriculturists taking advantage of every opportunity as it arose. In every instance where a great opportunity occurred, it found the English people able and ready to avail themselves of it. Even those events which we have seen, led to rural depopulation — enclosures, the progressive advance of large farming, and, later, the apparently retrogressive change from cultivation to stock raising — have benefited English agriculture. Without these events English agriculture might have come to a standstill.

The immense industrial opportunity of the middle of the century was taken at the flood and, as a result, the standard of life of the English working classes, including the agricultural classes, was greatly improved. We have seen that, during the past quarter of a century, the rising standard of life was preparing the way for the new opportunity, but that in the dearth of opportunity there was a period of profound agricultural depression.

In order to take advantage of the new market no country has had to make such a radical change in agricultural methods as England, the country of large farms, and of independent and conservative landowners with strong traditions of farming adapted to supplying huge markets with the primitive foods. In spite of national tenacity we see the business faculty once more asserting itself and rapidly pushing aside old traditions and transforming English agriculture to meet a fresh demand.

The necessary changes have not been made without suffering for individuals and even for whole classes, nor without individual injustice. But these penalties have been the inevitable price paid for continued and early advance. Had the progress of England been slower, both in industry and agriculture, some individual suffering might have been avoided, but the chances which have brought about widespread wellbeing would have passed by. Among the apparently disastrous effects has been a great

depopulation of certain of the rural districts. If, however, the result of that clearance is, under the present revival, to give the land into the hands of the sort of people who have developed the British Colonies, the ultimate gain to England cannot be estimated. The fact seems to be that the depopulation movement of the past half century has left the way clear for England, in a sense, to colonise her own country. The new forms of agriculture favour subdivision, and experience is showing that it is the better class of agricultural labourers from among the country people who are ready to take up the land. Besides these, there is a number of men who were brought up in the country, who, after an experience of industrial life, are ready to go back to the land, if they can there get as good a field for their enterprise, as amid the diminishing opportunities of the towns. These and a totally new class of people, created by the industrial expansion of the last generation, together form an instructed, eager, progressive set of men, ready to use scientific methods, to adapt their production to the market, trained to business methods and the idea of combination. They can bring to the industry of production from the soil the energy, enterprise and business faculty which have been so successful in developing the commerce and industries of the great centres, which the conservative and unambitious peasants, whose numbers have been so depleted, could never have done.

Another remarkable circumstance is that the revival does not seem to have been brought about by state legislation on doctrinaire principles. In every case where important legislation has been passed it has followed and not preceded or inaugurated the demand. It is the English people themselves, and not their Government, who are reviving their own agriculture.

Such a spontaneous revival, after the extraordinary crisis experienced during the past half century, argues immense recuperative vitality, and the conclusion we are bound to come to is that if the present tendency is continued it presages great possibilities for English agriculture; and that its development lies in a re-division of the land and a reconstruction of cultivation and methods which must ultimately bring about a much more healthy balance of urban and rural population in England and Wales than has been the case in the past.

MISCELLANEOUS

ITALY.

CURRENT QUESTIONS.

The Control of Malaria in Italy from the point of view of Hygiene and Agriculture.

The efforts which have been successfully made, since the beginning of this century, to control malaria throughout Italy, began in the *Agro Romano*.

I shall therefore take this classic territory as my starting point in briefly summarising what has been done by our Government authorities as the result of the initiative and impetus given by the active and modest Society for the Study of Malaria.(1)

§ 1. *Malaria and the Settlement of the Agro Romano.*

Archaeology and history clearly show that at no time has the country surrounding Rome, the Roman *Campagna*, been entirely under cultivation. To-day, as in the most ancient times, the extensive hilly districts, least suited to intensive agriculture owing to the poor quality of the volcanic "tufa" soil, and the summer draughts, often prolonged into the winter, have always been under grass and forest.

(1) See: *Atti della Società per gli studi della Malaria*, vol. I-XII, Roma, 1900-1912. Bulletin 1-24, 1899-1912. *The work of the Society for the Study of Malaria*. See, "Malaria" 1908.

But in the zones nearest to the City, along the Consular roads, in the plains and valleys, rich in humus and water, and, therefore all the more fertile under the vivid sun-shine, agriculture and farming enterprises have repeatedly flourished in the course of the past 25 centuries. These periods of prosperity have mostly coincided with the height of the four great civilisations of the past. In the Etruscan period on the right, in the Volscian on the left of the Tiber ; when Rome was at the height of its power, again in the middle-ages (VIII and IX centuries) and in modern times (1500-1750) these lands have been successfully farmed ; but success has never been permanent here as it has been elsewhere. Why ?

From the dawn of modern history down to our own days how many important agricultural settlements have been made here. If we only consider the period from 1525 to 1900 honourable mention must be made, under this head, of cardinals Trivulzio, Rebibbia, Borghese, Alberoni, Torrigiani ; of the uncle of Massimo d'Azeglio ; of the Sacchetti, Cenci, Cesi, Mattei, Borghese, Chigi, Strozzi, Rospigliosi, Conti, Leopardi, Torlonia Doria and Lancellotti families ; of the Trappists of the *Tre Fontane* ; of Menotti Garibaldi, Settimio Mancini, Cesare Bertone ; of the Ravenna Agricultural Colony at Ostia ; of Camillo Ferri, Attilio Gori-Mazzoleni and Paolo Garavaglia (1). How many, animated with strength of purpose and firm will, have in all ages promoted and enacted laws for draining and reclaiming this land. Let me mention Spurius Cassius, Popes Sixtus IV and Pius VII, Giuseppe Mazzini, Giuseppe Garibaldi, Domenico Berti. And all alike have had the grief of witnessing the inexplicable failure of their efforts for the redemption of this territory which, with an obstinacy superior to all human will and power, was still a desert at the beginning of this century.

Many, many people in all ages have sought to unriddle this harassing enigma offered by the Roman Campagna.

All have agreed in placing the responsibility at the door of disastrous political and economic events, more especially of the wars, the so-called barbarian and Saracenic invasions, and then again of feudal despotism and internal strife, . . .but it must be remembered that here, as elsewhere, such events have been but passing incidents, not permanent conditions ; they would account for a decline, or, at most, a temporary suspension of vitality, but not for the complete extinction of agricultural life in the neighbourhood of what has always been a great centre of population and consumption.

It is simply ridiculous to repeat the accusation still brought forward against the Popes, to the effect that they kept the campagna deserted.

(1) See : A. CELLI. *Gli ultimi disastri ed i nuovi successi nella colonizzazione dell' Agro Romano*, etc. *Nuova Antologia*, Aug. 16 Sept. 1st 1911.

in order that their See might stand out more splendid from afar. On the contrary, it has been clearly proven over and over again that from Zachary I to Pius IX the popes have made strenuous and repeated efforts to overcome the fatality which brooded over these lands before they possessed the temporal power and which has endured since they lost it.

All alike agree in accusing the undue accumulation of wealth in the inert hands of a few princes and priests ; the easy-going selfishness which induces them to live on its proceeds without further thought; their agricultural incapacity . . . but these facts, though certainly indicating execrable defects, have not prevented these same privileged classes from making repeated efforts to start prosperous farming settlements in the Agro Romano, nor have they prevented them from cultivating with permanent success the wonderful hill-lands of the neighbouring Castelli.

The key for unlocking the enigma of the history of the settling of the Roman Campagna must therefore be sought not so much in man and human events, which are always slight and transitory, but rather in a power stronger than human will and always hostile to man, which has prevailed for 25 centuries, right down to the present day, — malaria.

* * *

As is well known, at the close of last century modern microbiology traced the cause of malarial fever to the obscure but formidable protozoic and insect world.

Thus reduced to a biological phenomenon it soon became apparent that, like every other manifestation of life, whether great or small, malaria has always been subject in the course of centuries right down to our own days, to alternations of recrudescence and decline, expressed in years, months and days, when the fever increases or diminishes in intensity.

Now it is precisely during the periods of truce — which have generally coincided with the great epochs of the past — that the more fertile sections of the surrounding country have been re peopled and tilled intensively to feed and enrich the City. But recurring onslaughts of the fatal disease, attacking pitilessly the health and life of the inhabitants and of the more valuable domestic animals, have again and again swept away all efforts made during these intervals to cultivate and people the Roman Campagna.

But with the dawn of the twentieth century a new period in the history of the settlement of the Agro Romano has been initiated.

Those who from the heights of Tusculum or Tivoli gaze on the majestic Campagna, or obtain a fleeting view of it from railways, tram-cars or motor-cars, note, scattered over the valley of the Aniene and within a circuit of 10 kilometers round the City, new houses which can be recognized

even from afar by their white walls and red roofs, whilst the squallor of the ancient *latifundia* is relieved by green oases of luxurious crops.

These new settlements only repeat what our predecessors have already done over and over again and just as well. We find the same hydraulic reclamation by drainage; the same intensive agriculture; the same irrigation works; and not unfrequently new buildings and new centres of population are arising on the very same spots where the ruins of tufa walls, mutilated statues, and marble columns, mediæval towers, and the vast farm-houses of the Renaissance remind us of the four great agricultural eras of the past.

But will not these new settlements be in their turn swept away and destroyed like those that preceded them in the course of centuries? To this anxious question science and medicine, which have happily inaugurated this fifth agricultural era, reply:

Nunc licet habitare salubris in these fields. At last we possess an easy and reliable means of protecting ourselves from malarial fever, by prevention rather than cure.

Settlements made without loss of human life and without destruction of valuable domestic animals, are the new departure which is being made at the beginning of the XX century on this classic and sacred soil; such is the formula which is awakening and summoning to new life all countries affected by malaria.

§ 2. *La Cervelletta*.

Italian agriculturists and many foreign ones also know, at least by name, this small but famous estate in the territory of Cervara, 8 kms. from Rome, lying between the rail and tram-way lines which go to Tivoli.

Many come to admire the marvellous transformation which the owner, Duke Antonio Salviati, a distinguished agriculturist, had the courage to entrust to those admirable Lombard tenant-farmers, Bonfichi, Monti, and Secondi. But few know, and to-day no one could guess, through what difficulties the Cervelletta has become a model of intensive agriculture and of perfect sanitation.

No one would believe the squallor of this locality as recently as 1895. The spacious farmhouse, built in 1628 round the ancient mediæval tower by Cardinal Scipio Borghese, no less renowned as a protector of the fine-arts than as a meritorious reclamer of the Agro Romano, lay in ruins. The vast cow-houses were half buried, the old wooden churns lay abandoned in a corner; the surrounding valleys were full of swamps and traversed by water courses which it was dangerous to cross even on horse-back. The

estate of 264 ha. only supported a flock of sheep from autumn to midsummer, and a few ill-nourished beasts, with their single herdsman, alone inhabited this pestilential spot in the summer months.

The neighbouring station of Cervara and the railway signal-houses along the new Rome-Tivoli line were the hospital and cemetery of malarial fever. No one could be found to go on duty there, and signal-box N° 8, had to be abandoned on account of the fever.

Nevertheless, in the autumn of 1895, these Lombard farmers, full of faith and courage, came with their families, and immediately took in hand the arduous task. They restored the houses and stables, built roads, began draining and levelling, excavating ditches, planting trees, vegetable gardens and vineyards, sowing alfalfa, clover, "marcite,"⁽¹⁾ cereals, importing valuable milch-cows, training in modern farming methods the rude local labourers.

But as soon as the summer came, in 1906, malaria attacked them, their families, the herdsmen they had brought with them, and the peasants of the Marche and of Latium, spite of their being accustomed to come and work in the Campagna. The worst was when, in the autumn of that year, malarial fever attacked the Swiss-Lombardy cows. All fell ill; 22 died in a fortnight.

Ever since 1882 I had been engaged with Ettore Marchiafava in studying the causes of malaria in human blood, demonstrating and perfecting the first researches made by Laverana, and I was also investigating bovine malaria which was then mistaken for carbuncle; thus on November 8th, 1896, I arrived at the Cervelletta.

I shall never forget the distressing scene which met me on my arrival. In the middle of the court-yard a splendid milch-cow lay dead; around it stood the poor Lombards, panic-stricken, cursing the imprudence of those who had assured them (and it was destined to be a *felix culpa*) that the Roman fever was like that prevalent in Lombardy, and that here as there, human and bovine malaria need not be taken into serious account in reckoning the probabilities of success. Instead of which their health, their lives, their fortunes were put to a severe test, and they thought with terror that they would have to flee, and return impoverished and diseased to their comfortable homes which they never should have left.

The gloomy forebodings of our novelty-hating merchant-farmer (*mercante di campagna*) were being verified.

But I reassured them. Microscopic examination of the blood of the milch-cow enabled me to at once diagnose its disease as bovine malaria, already studied in Texas by the Americans Smith and Kilborne, and known

(1) Meadows submerged in winter to protect the grass from frost.

to be caused by special protozooids (pyroplasms) inoculated by special mosquitoes.

I was therefore able to assure them that the loss of their cows could be easily avoided in future by keeping them in the cow-houses instead of sending them out to graze in the hot season, from spring onwards, when those mosquitoes, which infest the brush-wood, sting and infect them.

This was done, and no further cases of disease occurred, though in neighbouring estates where this simple but effective preventive measure had not yet been adopted (it has been since then) the epidemic still raged.

But the inhabitants continued to suffer from the fevers. In 1898 all were on the sick-list, several of them seriously ill, though quinine was administered to them with no niggard hand.

Meanwhile, in May of that year, the army doctor, Major Ronald Ross, after long and careful investigations carried out in British India, succeeded in showing that Malarial fever is inoculated by special mosquitoes which become infected by biting human beings affected with malaria, and sucking the parasites circulating in their blood. Immediately afterwards our colleagues, Grassi, Bastianelli and Bigrami, confirmed this important discovery which we forthwith put to the test, controlling it in our experimental station for the study of malarial fever at the Cervelletta.

But, alas, we soon became convinced that important as it was for scientific purposes, the practical results of this discovery were scanty. The destruction of the mosquitoes, which we at once undertook, and tried over and over again by a variety of means, was quite impossible in the open country. Even drainage, however well carried out, never succeeded in extirpating the anophyles which continued to thrive here and there in the ditches amidst the aquatic flora. Intensive agriculture under that torrid sun was carried on with the help of irrigation ditches, which, though well made, helped to preserve the anophyles. Their elimination was already difficult in theory, but it became impossible to require it of the farmers, rightly desirous to make their undertaking profitable.

Fortunately, my colleagues and I soon found that malaria can be kept in check, and eventually eradicated from extensive localities without destroying the anophyles; even when they multiply it is possible to secure perfect health and carry on the most profitable kind of farming.

Thus it was found that the district under consideration could be made healthy without destroying the mosquitoes; an undertaking beyond the power of man in this wide-stretching Campagna..

We were, however, unwilling to set aside the postulates of Ross's new and attractive theory, and we then thought it would be relatively easy to preserve the inhabitants from mosquito bites. But after two years or repeated efforts we were unwillingly forced to the conclusion that the protection of uncovered parts of the body by means of wire-net vizors,

hoods and gloves, was difficult in the case of railway employees, but that it was hopeless in the case of peasants. And even the protection of dwellings by means of wire-net blinds fixed to doors and windows, whilst it could be successfully used in the houses of the tenant farmers, was costly and impractical for the huts of the peasants.

So we had to abandon for the peasants even these protective measures suggested by the new mosquito theory, which, as a means of defence in the struggle to control malaria in the open country, deceived the hopes of those who had greeted in it the dawn of the redemption of so many afflicted districts.

Fortunately a means still remained by which the enemy could be fought on another ground. This means was to destroy the parasites of malaria in human blood, by utilising, more effectively than in the past, that old and sovereign remedy: quinine.

But how many doubts and hostile suppositions had to be overcome!

This heroic remedy had been rendered so unpopular by its disgusting bitter taste; by the mistaken idea that it had to be taken in liquid solution to ensure its effective absorption; by mixing it with such acids as sulphuric, which are heterogeneous and irritate the stomach; by being badly prepared in the form of bitter solutions, powders and cachets unsuited to country conditions; by its excessively high price; by the ease and profit with which it could be adulterated; that it was always swallowed reluctantly and only to reduce the fever, but it was never taken to cure it radically and still less to prevent it.

We therefore had to remove all these drawbacks, and so we employed the less bitter preparations of quinine such as euquinine, or tannic quinine, which is not bitter at all. We preferred the more homogeneous hydrochloric salts to the sulphuric, and we always made use of agreeable and sweet preparations in the form of tablets and chocolate-coated pills.

Having thus removed the disgusting taste and partially overcome the distrust of quinine as a remedy, we were able, in 1900, to use it more widely than ever in the past. Thus, after constant trials made over and over again with the help of my worthy colleagues, amongst whom Anna Celli was always to the fore, we became convinced that malaria could not be extirpated from an extensive district by merely treating the fever-stricken, whatever be the remedy used or however long the treatment be continued, as Prof. Koch then maintained. Whatever treatment was employed, whether pure quinine, or quinine mixed with so-called tonics, such as arsenic or iron, some of the malaria patients were sure to have relapses of the disease.

Moreover, the centres of infection are those persons in whom the contagion is latent, without causing fever, and who easily escape observation. Therefore, whatever means were used to cure the fever-

stricken in a locality, and even when the cure was continued throughout the winter and spring, it never succeeded in preventing the outbreak of an epidemic in the followig summer and autumn.

But the old yet ever vigorous quinine plant was to yield new and yet more beneficial results.

On making a further and thorough study of the internal mechanism of the action of quinine, under the guidance of Prof. Saglio, we discovered that it possessed admirable properties which gave it yet more importance as a means of prevention, than as a cure for malarial infection.

And whilst science confirmed practice, the use of quinine in the country districts as a means of preventing rather than curing malarial fever, was found to be more effective as well as easier to carry out.

Once more the old saying, " prevention is better than cure " held true

By daily administering quinine to all the inhabitants of a locality, the healthy were preserved from the fever, and even old sufferers from malaria were gradually cured by intensifying and prolonging the treatment.

Thanks to this simple, harmless, agreeable and inexpensive treatment, consisting in taking two quinine tabloids a day for adults and boys and one chocolate-coated tabloid for infants, given during all the summer and autumn months, we began, to make the Cervelletta healthy and have maintained it such from year to year, ensuring the recovery of the settlers at first so severely attacked by the fever, and preserving in good health new-comers and the children since born in that locality.

And it should be noted that the peasants were then still housed in straw huts ; the drainage works were only half way through, and though well executed did not do away with the mosquitoes; which were, on the contrary, bred by the irrigation works. The only *new condition* which accounted for the restored health of the inhabitants of the Cervelletta was the regular daily distribution of quinine in an agreeable form, during the months when the fever formerly broke out. This treatment was given more especially as a preventive measure and with much better results than when used as a cure for malaria ; that is to say, it was used to destroy, as soon as possible, the parasites which the mosquitos had inoculated into the blood.

Meantime the Cervelletta was setting an example which began to be followed in other parts of the Agro Romano; and Prof. Gualdi, at the head of the doctors of the Rome municipality, Prof. Postempski at the head of the Red Cross medical staff, first experimented and then spread the use of quinine as a preventive rather than a curative measure. The Cervelletta and the Agro Romano have been the experiment stations whence has spread the new organization for the prevention of malaria, and the methods there taught have extended from Italy over a large part of the world affected by the curse of malaria.

§ 3. *Special Legislation on Malaria: Government Quinine Act.*

My parliamentary colleagues and I, and the Society for the Study of Malaria (Hon. Fortunato, Franchetti, Guicciardini, De Asarta, Wollemborg) introduced special legislation on Malaria and the Government Quinine Act.

There are four such measures, to wit:

a) Act of December 23, 1900, which created, not a State monopoly, but a State trade in quinine.

This sovereign remedy is prepared in a pure form by the Central Military Pharmacy, carefully made up into tabloids or put into phials for hypodermic injections; and is thus placed on sale, at the lowest possible price, in many chemists' shops and in every village and hamlet in Italy in all shops licensed to sell salt and tobacco. (1). The profits which result from a business done on such a vast scale are used to keep the price low in case of possible market fluctuations, and for granting prizes and subsidies to municipalities, charitable institutions, and doctors engaged in the struggle with malaria.

b) The Act of November 2, 1901, recognized the right of all classes of workers to receive State quinine, free of charge, for the treatment of malarial fever. It is given them by the municipal doctors, and the cost is charged to their respective employers, amongst whom it is equitably shared at the close of each year.

c) The Act of June 22, 1902, concedes State quinine at lower rates than those charged to the general public, to municipalities, charitable institutions, and to any one else who wishes to distribute it gratis to labourers,

d) The Act of February 25, 1904, art. 3, recognizes the right of poor persons to be supplied by municipalities and charitable institutions with quinine, as well as other medicines, free of charge, for the treatment of Malaria.

e) The Act of May 19th, 1904, entitles labourers employed in malarious districts to receive quinine, free of charge, for the prophylaxis, or prevention of malarial fever. It is distributed to them by the municipalities and municipal doctors, and charged to their respective employers.

The above legislative measures have been completed by a bye-law of February 28, 1907, which classifies malaria as a professional illness, placing it on the same footing as an accident during work; this makes it incumbent on the employer to prevent it and to compensate for it by at

(1) Salt and tobacco in Italy are Government monopolies 'sold under Government licence. (Translator's note).

least paying for the small amount of quinine which the municipalities are bound to provide for prevention and cure to labourers employed in a malarious district.

Thus the distribution of this great remedy has been raised to a government duty, not as a legal charity as it used to be when occasionally and casually administered in the past, but as a necessary measure for preserving public health.

The quinine-rate, which the municipalities collect on a supplementary register to that for the land-tax, offers a characteristic application of the English fiscal system; that is to say, all the rate-payers of a commune are not equally assessed, but only the owners of malarious estates. They are rated for this purpose not according to the number of labourers they employ, which would escape accurate control, but according to the area of the lands they possess situated in malarious districts within the commune, and this even if they leave them uncultivated, in which case the tax amounts to a small fine for the abandoned and uncared for condition of their lands.

I will not here refer to the ill-will and the difficulties of all kinds placed in our way by high and low alike in introducing and putting into practice the beneficent legislation above described. I will rather state what effect it has had on the death-rate and sick-rate for malaria in Italy.

§ 4. *State Quinine and the Death Rate for Malaria.*

Table I compares the figures for the consumption of State quinine since 1902 with those for the death-rate from malaria from 1910 until to-day.

TABLE I. — *State Quinine and the death-rate for Malaria in Italy.*

Fiscal Year	State Quinine Kgs. sold.	Net profits in lire	Malarial Death-rate Solar year	Total deaths
. .	. .	. .	1900	15,865
. .	. .	. .	1901	13,358
1902-1903 . . .	2,242	34,000	1902	9,908
1903-1904 . . .	7,234	183,038	1903	8,513
1904-1905 . . .	14,071	183,382	1904	8,501
1905-1906 . . .	18,712	296,295	1905	7,838
1906-1907 . . .	20,723	462,280	1906	4,871
1907-1908 . . .	24,351	700,062	1907	4,160
1908-1909 . . .	23,635	769,809*	1908	3,463
1909-1910 . . .	21,656	720,000*	1909	3,533
1910-1911 . . .	22,795	873,312*	1910	3,619

* Inclusive of profits on quinine exported abroad.

On comparing the figures in the 2nd and 5th columns we shall at once see that from 1902 to 1908, along with the increasing consumption of state quinine, there has been a steady decline of deaths from malaria. From 1908 to 1912 the consumption of quinine remained stationary, and the annual death-rate from malaria stood at about 3500. Still it remained four fifths lower than in 1900, and two thirds lower than in 1902 when the Government first intervened.

It should be noted that the private trade in quinine and its sale to the well-to-do has continued much as in the past; so that the State quinine has really found its way to those poor people who formerly, for lack of the wherewithal to buy it, died of malaria.

I must also add that in the preceeding period, from 1887 to 1900, the mortality from malaria in Italy tended to decline spontaneously, but this diminution was perturbed, from Latium downwards — that is to say, in the districts where the epidemic is severest, by a periodic recrudescence every 5th to 6th year. Now this also has been stopped by the use of State quinine.

If we study more in detail the proportional decline in the mortality from malaria in the different regions of Italy we shall see that south of Latium, from 1887 to 1900, during the above-mentioned periodic fluctuations, the spontaneous decline had hardly made itself felt in Basilicata, and very little in Sardinia, Apulia, Calabria and Latium, whereas all these provinces derived advantages from the distribution of State quinine, but more especially those regions previously affected most severely and persistently by malaria. The sudden decline in the malarial death-rate after 1902 was felt more than in other regions, in Sardinia and Basilicata, which were unaffected during this period by drainage works or economic improvements.

Thus there can be no doubt that the sudden and steady decline in the deaths from Malaria in Italy since 1902 has been chiefly due to the increased consumption of quinine. And this leads us first of all to believe and hope that a vigorous united effort (*quod est in votis*) to increase the consumption and improve the use of this precious State drug will yet further reduce the number of victims claimed for centuries past by these fevers.

§ 5. State Quinine and the Sick-Rate for Malaria.

Now that this sovereign remedy is available for all, no one need suffer from malaria, unless exceptionally and, at most, in a light form. The experience obtained of late years abroad (in Dalmatia and Istria, Greece, Crete, Bulgaria, the French, Dutch, British, and German colonies, and in Argentina,) confirm the fact that quinine is even more effective in preventing than in curing the fevers.

As far back as 1892, impressed by the fact that the health of the inhabitants is the first requisite for transforming and settling lands now desolated by malaria, I insisted, and still insist, that quinine should be widely used in its most agreeable and harmless form of tabloids and chocolate-coated pills, more as a preventive than as a curative measure.

I have had to overcome doubts, diffidence, suspicions, and obstacles of all kinds, but it is now generally admitted that this preventive quinine treatment is the surest and swiftest weapon available in the fight with malaria, not only in civilised countries but in the colonies also.

In quoting a few of the most conclusive data I shall give first of all those obtained for persons subject to assiduous medical supervision; by the help of official figures I will show the ratio of malaria in the Army and Navy before and after the introduction of the use of quinine as a preventive treatment

TABLE II. — *Malaria in the Army.*

Year	Average Force.	No. affected ‰	Relapses ‰	First attacks ‰	Remarks
1902 . . .	199,253	27.44	21.41	6.03	
1903 . . .	206,468	24.14	17.85	6.28	Preventive quinine treatment begun.
1904 . . .	210,637	19.21	12.71	6.50	Preventive quinine treatment continued.
1905 (a) .	218,409	21.52	13.04	8.48	D ^o
1906 . . .	211,245	18.99	12.67	6.32	Preventive quinine treatment extended.
1907 . . .	202,320	12.46	7.96	4.50	D ^o
1908 . . .	216,679	8.04	5.19	2.85	D ^o
1909 . . .	228,951	6.96	4.72	2.24	D ^o
1910 . . .	234,104	2.10	3.23	1.87	D ^o

TABLE III. — *Malaria in the Naval Hospital at Taranto.*

Year	New Cases		Remarks			
	Total	% of force				
1900 . . .	193	20.19				. .
1901 . . .	130	13.19				. .
1902 . . .	35	14.64				. .
1903 . . .	81	8.33	Preventive quinine treatment begins			
1904 . . .	89	9.65	d ^o	d ^o	d ^o	d ^o
1905 (a) .	107	10.09	Preventive quinine treatment generalised			
1906 . . .	72	7.00	d ^o	d ^o	d ^o	d ^o
1907 . . .	74	6.75	d ^o	d ^o	d ^o	d ^o
1908 . . .	46	3.68	d ^o	d ^o	d ^o	d ^o
1909 . . .	23	1.25	d ^o	d ^o	d ^o	d ^o
1910 . . .	13	0.75	d ^o	d ^o	d ^o	d ^o

(a) Year of the periodic recrudescence of the epidemic.

Tables 2 and 3 show that since preventive quinine treatment has been generally enforced, the number of cases of malaria in the army and navy has declined and remained stationary at a minimum figure.

The same can be said of the workmen employed in building the gigantic Apulian aqueduct. Cases of fever have been quite exceptional, whereas formerly, in malarious districts all public works (land-reclamation, etc.) had to be stopped in the summer months, causing serious delay and deterioration of the work during these intervals. But now the preventive quinine treatment, besides the good it does the workmen, represents a great advantage for all public contract work, and it is therefore made compulsory by the terms of the contract.

Again, in the ranks of the miners in the province of Grosseto, in Sardinia and Sicily, where formerly malaria claimed so many victims, the number of cases, since the preventive use of quinine, has fallen to 1.30 % and even to 0.67 %.

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But here we are more particularly interested in studying the effects of preventive quinine treatment on the agricultural population.

Unfortunately, the apathy and prejudices of the rural population have to be overcome. This makes it necessary that in every well-organized agricultural settlement the owners or tenant-farmers should detail one or more trustworthy persons to distribute the quinine daily, under medical supervision, to all workers in the summer months and as long as the autumn heats last, at fixed hours and places. These persons should make sure that the quinine is swallowed. This was what we did at the Cervelletta, and this has become customary on the best farms in the new settlements in the Agro-Romano, and in Northern and Southern Italy.

In the North, I will mention the Stucky estate of Villanova at Portogruaro, and Ponti's Farm in the lower Veronese, both of which have become and continue to be true oases of health in the midst of the periodic recrudescence of the epidemic in the surrounding country.

In Southern Italy I will quote the example set by the Rizzolo estate in the commune of Francofonte (Sicily). During thirty years, magnificent and intensive forage and cereal crops have been raised here, and vineyards, orchards of citrus fruit and almonds, mulberry and olive plantations have been laid out. Hygienic dwellings, protected by wire screens, have been erected, but, as usual, the carelessness of the peasants has rendered these useless. The beds were even fitted with mosquito-curtains, and the irrigation ditches were treated with petroleum. But spite of these admirable works for land-reclamation and these careful hygienic measures, spite of all the owners could do, malaria persisted in a severe form

unti of late years, the simple and easy remedy of distributing quinine regularly to all the peasants, to the supposedly healthy and malarious alike, has inaugurated a new era of health.

These, and the many other instances I could quote, clearly show that the best hydraulic and land-reclamation works are far from extirpating malaria. On the contrary, the severe recrudescence of this disease ends by dispersing the finest settlements, as we have seen in the case of the Agro Romano.

As yet further evidence of the efficacy of quinine in preserving the health of the peasantry in places and months of severe malarial contagion, I will quote a test case and its counter-proof in the agricultural penal settlement at Castiadas in Sardinia.

For three years, from 1907 to 1909, my method of daily doses of quinine at the rate of two tabloids a day to each convict and warder, was carried out during the months when the epidemic prevails.

As is clearly shown by Table 4, from 1904 to 1906, before the introduction of the prophylactic quinine treatment, 48.92 % of the inhabitants suffered from malaria. Yet the land had been well drained and reclaimed ; the dwellings were protected against mosquitoes in accordance with the theory of Dr. Ross ; and the fever-stricken were carefully treated with quinine and tonics. But it was only by the use of quinine as a preventive measure that the easy miracle was performed of reducing the malarial sick-rate from 48 % in 1906 to 9 % in 1909.

In 1910, on the mistaken advice of some of our pathologists and clinical authorities, the so-called " human-reclamation " was undertaken during the winter and spring months ; that is to say, the malarial patients were placed under assiduous treatment, and on the mistaken supposition that malaria had thus been stamped out, the preventive quinine treatment was suspended during the following summer and autumn. The number of cases of malaria at once rose to 19 %. After this severe test my prophylactic treatment was again resorted to in 1911, and spite of the intensified severity of the epidemic in the surrounding country, the malarial sick-rate again fell to 5 %.

Thus in conclusion, the health of farm workers and of all engaged in settling lands, however severely stricken by malaria, can be ensured by the simple plan of administering quinine as a preventive measure to all the inhabitants during the summer and autumn.

TABLE IV. — *Malaria in the Agricultural Penal Settlement at Castiadas.*

Year	Population on Dec. 31st	Quinine consumed kgs.	Cases of Malaria	Remarks
1904 . .	748	. .	694 (92 %)	No preventive treatment with quinine
1905 . .	861	13.674	731 (84 %)	Do
1906 . .	807	15.080	390 (48 %)	Do
1907 . .	795	40.230	132 (16 %)	Preventive quinine treatment
1908 . .	700	35.400	97 (13 %)	Do
1909 . .	691	32.000	64 (9 %)	Do
1910 . .	655	15.280	139 (19 %)	Suspension of preventive quinine treatment.

* * *

Not only is quinine an effective preventive measure when resorted to from year to year in small or restricted agricultural settlements, but it is equally valuable in the case of extensive regions affected by malaria, with a large agricultural population. I could quote in proof of this many and many instances of communes restored to health by the efforts of energetic doctors from Latium southwards, and in the islands. For the sake of brevity I will only refer to the malarial sick-rate for the Agro Romano, since the efforts of the Rome municipality and of the Red Cross have introduced the preventive quinine treatment, by distributing, as widely as possible, quinine tabloids and chocolate-coated quinine pills, for the prevention rather than the cure of the disease.

No one unacquainted with this district can imagine the difficulties which have to be overcome in restoring to health these apathetic peasants, full of prejudices, who live a nomadic life, working under the rudest conditions, with the poorest of food, clothing, and shelter.

Doctor and nurse, on horseback and in carts, have to cross the most inhospitable country, over execrable roads, to hunt up the sufferers.

Yet Table 5 clearly shows that in 1903, when the prophylactic quinine treatment had been spread as much as possible, the number of first attacks of fever fell from 19 % to 2 and even 1 %. Similarly the total number of malarial patients treated by the Red Cross fell from 20 % to 4.3 % and even 2 %. And, as control data, the malarial patients admitted into the Roman hospitals, gradually fell from 6194 in 1900, and 4275 in 1901 to about 2000, and in 1910 only numbered 1775, or the lowest figure within the memory of man.

TABLE V.

State Quinine and Malaria in the Roman Campagna.

	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910
Pharyngitis in the Roman Campagna . . . . .	...	1,176	3,853	17,506	29,693	38,429	42,726	34,927	33,808	35,800	40,973
Primitive Infections treated by the Red Cross Society	1,716 (17 %)	1,263 (16 %)	764 (17 %)	320 (2 %)	162 (1.34 %)	200 (1.52 %)	162 (0.77 %)	166 (1.44 %)	127 (1.92 %)	201 (0.70 %)	187 (2.2 %)
Malarial Patients treated by the Red Cross Society .	3,751 (31 %)	2,366 (26 %)	2,581 (20 %)	1,547 (11 %)	1,406 (10 %)	489 (5.0 %)	576 (3.4 %)	371 (8.2 %)	437 (2.0 %)	470 (4.2 %)	425 (4.3 %)
Malarial Patients admitted into the Roman Hospitals	6,186	4,275	2,750	2,461	2,961	3,991 (a)	2,513	2,486	2,740	2,417	1,775

Thus the extensive use, I may almost say the drenching with quinine, has restored and is retoring our country-side to health, redeeming it from the century-old curse of malaria.

§ 6. *Laws on Drainage and Hydraulic Measures.*

Marshes breed malaria, therefore to extirpate the latter we must drain the former. This was the theory which has been put in practice for centuries past. Drainage then offered the only hope of deliverance from fever, and therefore, in the supreme interests of public health, expense was disregarded.

The pre-romulean peoples had set the good example, and they were followed by the Romans. During the Renaissance, and yet more markedly before and after the Napoleonic period, the governments of Lombardy-Venetia and of Tuscany, and even the more backward ones, such as the Papal and the Borbonic, had undertaken drainage works on a vast scale, following the glorious traditions of Leonardo and Galileo. From 1862 to 1900 nearly 118 million lire were spent for this purpose. From 1900 to 1912 a further sum of 148 million lire has been spent; in all 260 millions. A further outlay of 237 is already authorised, besides the 150 million lire voted by the Chamber in a bill recently approved.

But after so many years and the expenditure of so many millions on drainage works only a fraction of the success had been obtained which has since been secured in a period of 10 years, and with several thousand liras of net profit (see table I) thanks to the law on State Quinine.

We are able to account for the failures of the past, now that we have seen and proved that no hydraulic and drainage works can absolutely ensure the destruction of the anophele mosquitoes. Neglect in the up-keep of the canals is enough to produce a luxuriant marsh flora and the accompanying mosquitoes. The worst was that in the vain hope of making these regions salubrious, the agricultural and economic value of the works undertaken, from the Maremma southwards, was often neglected and thus entire districts reclaimed by drainage, are still inhospitable *latifundia*.

But the recent victories in the battle with malaria have already improved the laws on drainage reclamation and the mode of carrying them out. The Act of July 7, 1902, recognised, in the Agro Romano as secondary reclamation works, those small works essential to farming and hygiene (local drainage, levelling, building and up-keep of canals, etc) and assigned to them a subsidy amounting to 30 % of their cost paid by the State (government, province and commune).

Then the Act of July 19, 1911, provides for simultaneous or preliminary hydraulic and forestry works, co-ordinated with the reclamation

of low-lands; provision is also made for road-building, besides the necessary works for supplying water for drinking and irrigation.

Thus hydraulic drainage works are no longer carried out as an end in themselves; the result aimed at is no longer restricted to rendering the land healthy, which was generally a mere dream for future realisation; this can now be more readily obtained, on short notice, by the proper use of good quinine, and, the subsequent erection of healthy dwellings, protected against mosquitoes. Drainage and hydraulic reclamation works are now only the first step towards agricultural improvement, which has been made compulsory on the owners.

And to ensure economic returns, both agricultural and industrial, from the lands thus reclaimed, a special commission, appointed by the Minister of Public Works, Sacchi, and presided over by the Hon. Marquis Raffaele Cappelli, is drafting a new bill for co-ordinating, towards an ultimate economic goal, the task assigned the health-officer, the engineer, and the farmer.

Already these three benefactors, along with the school-master and the teacher of modern agricultural methods, have formed a holy alliance, first entered into on the fields of the Cervelletta, to redeem permanently from their desolate condition the malaria-stricken districts of Italy, beginning with the Agro Romano.

These are the cardinal points on which hinges the new legislation on agricultural land-reclamation and settlement.

§ 7. *Laws on Agricultural Land-Reclamation and Settlement.*

The Act of July 8, 1883, on the reclamation of the Agro Romano was enacted at a time when the malarial epidemic raged, attacking both men and imported cattle, and when the means of fighting it were yet unknown. This, and the unprofitable nature of the undertaking, were the principle reasons of its complete failure.

The Act of Dec. 1903, was drawn up by the parliamentary Commission (Chimirri, Celli, etc.) on the basis of the valuable experience acquired at the Cervelletta, which pointed to the essential requirements for protecting men and cattle against malaria, and for the hydraulic and agricultural reclamation of that portion of the Valley of the Aniene. Medical dispensaries and schools in the open country were essential features of this Act which made use of drainage and agricultural improvements, co-ordinating them with the economic needs of the tenant-farmers, by means of :

(a) a subsidy of 30 % on the cost of small hydraulic reclamation works, properly executed, for agricultural and sanitary purposes.

(b) privileged loans at $2\frac{1}{2}\%$, repayable in 45 years, for building roads, erecting dwellings and shelters for the inhabitants, stables and shelters for live-stock, planting trees and intensive crops ;

(c) exemption from the land-tax and the tax on cattle for ten years.

On the other hand, the Government has the right to expropriate estates which are not improved and to sell them at auction, the purchaser being bound to reclaim and improve them ; but there has been no need to have recourse to this extreme measure, and this is the best proof of the intrinsic excellence and practical value of this Act of 1903.

Its bearing has since been enlarged by the Act of July 17, 1910, which introduced three further benefits : i. e. land-reclamation and improvement was extended beyond the circuit of 10 kms. round the city and the Valley of the Aniene ; facilities were granted for the building of hamlets in the open country ; and a fund for settling the land (*cassa di colonizzazione*) was opened to encourage by the grant of awards and subsidies, private and collective initiative directed towards the solution of the many-sided problem of the reclamation of the Agro Romano.

This same Act of 1910 provided for a Stock-Breeding Institute for Latium for the improvement of live-stock and allied industries, and to study the causes and suggest preventive and curative measures for controlling the epizootic diseases which have prevailed unchecked for centuries past.

The progress realized in the course of a few years is noteworthy.

Of the 194 estates subject to compulsory reclamation and improvement under the Act of 1903, there were, on December 31, 1911

Completely reclaimed or almost	N.	31	occupying ha.	2,391
Works well advanced	"	44	" "	11,255
„ recently begun	"	57	" "	17,181
„ not yet begun	"	31	" "	7,152

Nearly ten million lire (9,146,000) have been granted as privileged loans for the erection of houses, stables, and other land improvements on 56 estates and 11 small farms in the vicinity of the city, occupying 20,000 ha.

New dwellings and stables have been erected on 90 estates, with or without the assistance of loans, and on 16 estates existing buildings have been restored. In all 230 houses with 1800 rooms have been built or restored, 190 new stables opened with accommodation for 6700 head of cattle, of which 4433 were already in stables, and 54 other stables have been restored for the use of 1633 animals.

A new village has arisen at the Magliana with a loan of Lire 230,000, and a new farm settlement is being formed by the *Congregazione di Carità* at Buffalotta with a loan of about 300,000 lire.

The provisions of the act of 1910 are already being applied to 7000 ha. to the south and north of Rome.

Thus, thanks to the carefully co-ordinated efforts of the health-officer, the hydraulic engineer, the agricultural expert, and the school-master, under the guidance of a vigilance Committee appointed by parliament, through the activity of the Inspectorship of Land Reclamation of the Ministry of Agriculture, the Roman Campagna is reawakening to a new period of civilisation, never again to be swept away by the scourge of malaria, which is at last mastered by medical science and practice.

Thus whilst so many other malarious districts call for similar legislative action, whilst the Act of 1911 has already recognized the need of settling the land so as to complete and utilise the hydraulic reclamation works, we can only express the hope that the Third Italy will be ready with the necessary millions, and with the technical and administrative organization required for rendering healthy and wealthy so large a part of the national territory.

The arduous conquest of new colonial lands cannot and must not entail neglect of the duties and promises contracted with so many districts which by a determined effort can now be freed from the terrible heirloom handed down to them by their history and their climate.

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MISCELLANEOUS

HOLLAND.

CURRENT QUESTIONS.

The Dutch Bill " for Enabling Agricultural Labourers to become Proprietors of Land with Dwelling-houses, or to Rent Land. ,,

§ 1. *Introduction.*

Dr. E. Vliebergh, whose competence to judge of economic and social questions is proved by his books, long well known not only in Belgium but in other countries, has recently published an article on the above subject (*Revue Sociale Catholique*, Louvain, March, 1912).

Seeing that he has treated the question very clearly and completely, we think we do well in here presenting our readers with the greater part of his article, beginning with an extract showing the reasons for the above mentioned bill.

In 1908-9, a State commission for Agriculture appointed by royal decree on the 20th. of June, 1906, published five large volumes giving the very interesting results of its enquiries into the economic condition of agricultural labourers in Holland. (1) The Commission strongly insisted

(1) Verslagen betreffende den economischen toestand der landarbeiders in Nederland. 2 volumes. Algemeen overzicht van den economischen toestand der landarbeiders in Nederland. Rapporten en voorstellen betreffende den economischen toestand der landarbeiders in Nederland. Bijlagen van verschillende aard, behoorende bij de rapporten en voorstellen, betreffende den economischen toestand der landarbeiders in Nederland. Van Langenhuysen, The Hague, 1909.

on the necessity of facilitating the acquisition of landed property by the agricultural labourer.

At the last congress of the League of Dutch Peasantry, one of the members of the Commission, J. Th. Verheggen, Burgomaster of Buggenum, spoke in favour of the same proposal, and the Government has now taken up the subject and drafted the above mentioned bill (No. 202), the title of which we have adopted as that of our article.

Let us now look into the principal reasons for this bill, translating some extracts from the report of the Minister of Agriculture :

" In considering the grounds for this bill, we were convinced that the agricultural labourer should not possess more landed property than befits his condition. " " The possession of land by the agricultural labourer should not interfere with his occupation as labourer. Though he should himself frequently work on his own land, yet this will be but a secondary matter, for the land being near his house, it will be cultivated chiefly by his family. If his economic condition improve by means of his little farm, and he continue successful, the law requires that he shall not spend his earlier gains in adding to his ground. But if he still advances and acquires more capital he will be allowed more liberty, may add to his ground and raise himself little by little. So that as his paid work diminishes he may work more and more on his own little property. It does not appear desirable that the agricultural labourer, still so weak economically speaking, and not yet accustomed to stand on his own legs, should be artificially placed by law suddenly in the position of a peasant proprietor. "

§ 2. *Chief Provisions of the Bill.*

As the title indicates, the bill has a two-fold aim ; 1st., to enable agricultural labourers to obtain possession of a small piece of land with a house (called in the bill " *plaatsje* " ; art. 4 explains that by " *plaatsje* " is meant land with a dwelling house for an agricultural labourer, built or about to be built upon it) and 2nd., to facilitate the renting of a piece of ground by the agricultural labourer.

The small farm, the value of which must not exceed 2,500 florins (about 5,000 francs) is to be purchased through the medium of associations to be formed in every canton or part of a canton, authorised by Government, and having for their sole aim the legal facilitation of purchase of land by agricultural labourers. By the way, it must be observed that these associations will have legal recognition. Should no such association be formed the communal administration will have the same powers.

The Government will lend to the communes the money needful for these transactions at $3\frac{1}{2}\%$ per annum, and the communes may at the same rate lend money on their own responsibility to the above-mentioned associations. These facilities for purchase, either through the commune or the association, are given only to agricultural labourers between the ages of 25 and 50, who can pay at least $\frac{1}{10}$ th of the value of the acquisition; in other words, the purchaser of a farm of the value of 2,500 florins must be in possession of 250 florins. The remaining $\frac{9}{10}$ ths are lent to the purchaser by the commune or the association.

To repay the money borrowed, for the two years following the purchase, interest must be paid at the rate of $3\frac{1}{2}\%$; from the third year onwards repayment must be made in 30 annual instalments at $5\frac{1}{2}\%$ but the purchaser may if he desires pay less, for art. 45 of the bill authorises him to burden the property he has bought to the extent of 25 % of the sum borrowed, with an annual charge, redeemable at any time, but only after the complete extinction of the remainder of the debt.

As a guarantee for the sum borrowed, the purchaser gives a mortgage on the little property bought, but under this head he has no expense, for the deed of mortgage may be made under private seal, and all the deeds required by the law, or concerned in its execution are exempt from stamp duty and are registered gratis.

The bill also deals with the extent of the liberty accorded to the purchaser who has not yet fully repaid the sum borrowed: as long as the instalments are not fully paid he cannot let the little farm, nor can he hand it over to any other person during his life-time, but his testamentary liberty is in no way restricted, so that he can by will leave the usufruct to his heirs.

The law had to be so drafted as not to give rise to a trade in small farms. Therefore art. 53 forbids the sale of the farm before all the instalments are paid, unless with the authorisation of the commune or association through which it was purchased, and art. 47 stipulates that the agricultural labourer must only once be assisted to purchase a farm under this law in order to prevent his being able by selling it to pay off the instalments still due, and immediately to buy another.

According to art. 54 the little farm must not be burdened with ground rent or mortgage other than those of which we have spoken, as long as 15 instalments remain unpaid, and during this time the proprietor cannot purchase any other landed property without authorisation from the body which has acted as intermediary for him in the purchase.

The statement of the intention of the bill gives an example of what may be due from the purchaser. Suppose, it says, that the agricultural labourer buys a small farm of the value of 1,400 florins, and is in a po-

sition to pay down at once 200 florins, leaving 1,200 still due. For two years he must pay interest at $3\frac{1}{2}\%$, that is 42 florins. When the two years have expired the instalments begin and must be paid for 30 years. Each instalment will be of 66 florins but, as we have said, he may burden his property with a ground rent not exceeding 25 % of the sum borrowed, so that, according to the hypothesis, the property may be charged with a rent of 10.50 florins, representing at the rate of $3\frac{1}{2}\%$, a capital of 300 florins ; only 900 florins then remain to be paid by annual instalments of 49.50 florins each. The purchaser must therefore pay annually this instalment of 49.50 florins, and the ground rent of 10.50 florins, making 60 florins in all. At the end of 30 years he will have to pay no more than 10.50 florins per annum, and this as we have said may be redeemed. But paragraph 3 of art. 43 permits the payment of this in advance. This is the method of purchase for the agricultural labourer.

The law also provides that to those agricultural labourers who have no farm, small strips of ground may be let ; however, the rent must not exceed 30 florins. The land must be suitable for cultivation, well situated and the rent must not be excessive. In this case, also the agricultural labourer who desires such a piece of land must apply either to the association of his canton or to the administration of his commune. The contract is made in writing but under private seal, and the re-letting at the end of the period named must be provided for according to art. 49 of the bill. If the former holder does not take the land back, the improvements made by him must be allowed for according to common law.

§ 3. *Measures for Facilitating the Execution of the Law.*

The Government proposes to establish three methods for facilitating the execution of the law by the appointment of special commissions for patronage and supervision, by the reduction of expenses to the minimum, and by a right of expropriation.

Within the judicial area of every tribunal of a canton shall be appointed one or more of such commissions, of which at least one member must be an agricultural labourer. These commissions, occupying premises placed at their disposal by the commune, their travelling, hotel and official expenses being paid by the Government, shall give their opinion to the labourers on all that concerns the carrying out of the law. They must annually draw up a written report on the farms of the agricultural labourers, and the rented strips of ground in their district. The commissioners shall always have right of access to the rented strips and also to the labourer's farm until all the annual instalments shall be paid.

The law aims at reducing to the minimum the expenses incurred by the buyers: we have already mentioned the gratuitous registration of all necessary deeds. These are all exempt from stamp duties; deeds of mortgage, by which the purchaser of a small plot may give a guarantee for the sum he borrows, may be made under private seal.

Furthermore art. 18 of the bill provides that the costs of administration of the associations of which we have spoken, shall be reimbursed by the Government, which also shall charge itself with the costs of expropriation (of which expropriation we shall have to speak later) so that the associations having themselves to pay $3\frac{1}{2}\%$ interest will be able to lend at this rate to labourers becoming purchasers. With regard to the commissions for patronage and supervision, constituted by the law, they must always give gratuitously any information required by intending purchasers.

But there is in the bill a more radical clause, founded on the Dutch law of 1910 as to habitations, (*woningwet*) and on the English law of 1907, which came into force on the 1st. January, 1908; according to this last, when there is no means of buying land privately, or at a reasonable price the holder may be expropriated or compelled to let for a term of years. This Dutch bill proposes to add further clauses to the law of the 28th August 1851 concerning expropriation. The agricultural labourer who wishes to buy or rent land under this bill will usually know what he wishes to buy or rent, and will address himself to the association or commune with a definite object, having previously entered more or less into an agreement with the actual proprietor who wishes to sell or let. The association or the commune may also sell or let lands which they possess or which they have obtained by ordinary contract; by the terms of art. 19 of the bill, landed property belonging to the State may be sold under private seal to associations or communes under the conditions contemplated in it. But in the case of the association or the commune having no land to dispose of, or at least none which can be freely purchased, the bill gives them the right of expropriation. The Minister of Agriculture, Industry and Commerce, explaining the intention of this bill, which was drawn up by himself, says: "According to the view of the undersigned (the Minister), recourse should seldom be had to expropriation, but the effect of these clauses in inducing proprietors voluntarily to sell their land is unmistakable, and may attain the object contemplated by the law. Besides, the expropriation is confined to land without buildings; art. 58 (art. 105) stipulates that expropriation shall not extend to buildings, or to land which is united with the house and garden, as considering the object in view, there was no need to go further, and it is only possible in the case of a small farm (*plaatsje*) when there are at least two applications to purchase, and in the case of land to be let, at least five applications."

The expropriation shall not take place till the commission of patronage and supervision above-mentioned shall have given its opinion ; it shall be decided by Royal Decree, if the permanent deputation shall agree after the Council of State has been consulted. The expropriation shall be made in the name of the association or the commune, those interested having been heard. The compensation paid to the expropriated owner should represent the market value of the land he has been compelled to sell or let ; art. 58 (art. 121) declares that the object for which expropriation is made shall not affect the amount of compensation.

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THE INTERNATIONAL INSTITUTE OF AGRICULTURE

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

RECENT NEWS.

I. Legislation and State Intervention in regard to Agricultural Organisations.

Communes as Members of Co-operative Societies (*Administrative Authorization*).—It is of the greatest importance for the co-operative societies especially co-operative credit societies, to be able to include among their members the commune in the territory of which they are situated. The adherence of the commune gives them so much more credit with the population and often attracts farmers who up to then had held aloof.

However, in becoming members of a co-operative society the communes assume burdens and responsibilities. And their right to adhere to such a society without administrative authorization has been contested.

In Prussia the matter has been settled by a sentence of the Court of Appeal, pronounced on April 18th., 1907.

In terms of this sentence, the assent of the district authorities to the operations of the communes can only be insisted upon by the judicial authorities when there is a formal rule to that effect contained in the general provisions for the local administration. It follows that in the absence of such a rule the legal authorities entrusted with the registration of commercial societies in Prussia have no right to refuse to enter a commune on the list of members of a co-operative society. In most of the other States of Germany similar arrangements have been made.

In *Bavaria*, communes desirous of becoming members of a co-operative society, in accordance with article 159 of the regulations for the

communes, require the approval of the superior authority. This may be granted, in conformity with the Ministerial Decree of May 13th., 1905, if the business offers sufficient security, and if it is to the immediate interests of the commune or the public advantage. These provisions have been interpreted by a decision of the Minister for Home Affairs, of June 19th., 1910. A commune had been refused authority to adhere to a rural bank of unlimited liability, for the reason that the engagement of all its property in security for the debts of a co-operative society, was incompatible with the principles in the regulations of the communes in relation to the preservation of communal property, and that the advantages were not in proportion to the risk. The Minister of Home Affairs declared in his decree that it was a question of a society of public utility and that the approval asked for was to be granted if sufficient security were offered by the financial position of the society, the number and solvency of its members, its management and administration, the supervision of its business both by travelling inspectors and by the Central Bank to which it was affiliated, and finally by the progress it had made, etc.

(Summarised from the *Deutsche landwirtschaftliche Genossenschaftspress*, May 30th. 1910 and June 30th., 1911, and the *Verbandshundgabe* of March 15th, 1912).

2. Work of the Federations and of the Central Institutions of the Co-operative Societies and of the Large Agricultural Associations.

The Intervention of the National Federation of German Agricultural Co-operative Societies with a view to the Proportional Distribution of Butter in the Various Regions of Germany. — The unequal distribution of the agricultural and industrial regions in a country has for its natural consequence a want of equilibrium between the production and consumption of agricultural produce in the various regions and it is an important economic problem how to bring the surplus from the agricultural to the industrial districts when the production of food stuffs is not sufficient for the requirements of the population.

Thus, there are in Germany large districts; especially East Prussia, West Prussia, Pomerania, Schleswig-Holstein, the Grand Duchy of Oldenburg, and the Southern part of Bavaria, where the production of butter far exceeds the demands of the local consumers, while in the industrial regions of the Centre, West and South-West, the dairies

can not satisfy the demand. They are obliged to supply themselves from elsewhere. This necessity will be increased in proportion as the quantity of milk for butter making diminishes with the increased consumption of fresh milk.

Up to the present, the dairies have generally sold their surplus milk and made up for any deficit by purchase from dealers. This is not a satisfactory solution, for, without the charges for the services of the dealers, this system puts the dairies in the hands of their suppliers and exposes them even to the risk of a deterioration in the quality of their butter. These evils are in part remedied by the establishment of direct or indirect relations between dairies that are obliged to purchase butter and those that are abundantly supplied. It is very difficult to establish relations of this kind between dairies of different regions. They exist, for example, between the industrial district of Silesia and the Co-operative Societies of West Prussia and it is said the exchange has given great satisfaction. But this is rather an exceptional case. Generally, the Regional Federations of Co-operative Dairies favour the sale of the butter of their affiliated societies at a distance, just as they contribute to establish a balance between the supply and demand in their own districts. There is, for example, a Sale Syndicate of the North German Dairies, which has for many years supplied butter to hundreds of West German dairies.

The advantage of intervention of this kind is so evident that it has often been proposed to give it further development. Various proposals have been made for the purpose, of which the most important is that of the foundation of a central organisation for the whole of Germany, the rôle of which would be to act as intermediary for purchase and sale for all the co-operative dairies. But opinions are divided with regard to these proposals.

The matter has been several times considered by the special committee to which the National Federation of German Agricultural Co-operative Societies has entrusted the study of dairy problems, and also by the experts in the employ of the above Federation.

The Special Committee last concerned itself with the matter on December 13th., 1911, but without arriving at a final solution, and, on its suggestion, the subject was again dealt with on the 20th. February, 1912, by a more limited meeting of representatives of the co-operative organisations specially interested. The deliberations were terminated by a resolution, requesting the National Federation of German Agricultural Co-operative Societies to furnish, without charge, co-operative dairies making request for butter with the addresses of co-operative societies supplying it. In addition, the attention of the co-operative dairies was again drawn to the sale syndicates and periodical auctions, while the wish

was expressed that these organizations should co-operate in the capital, instead of working independently as at present.

In fulfilment of these desires, the National Federation has just invited its affiliated dairies, by means of the *Deutsche landwirtschaftliche Genossenschaftspresse* of March 30th., 1912, to send it offers of supply, with statement of quantity, quality, the period within which consignment can be made, price and other conditions. Lists of these offers will be drawn up later to be forwarded to all the societies of the National Federation at their request.

3. Miscellaneous Information.

(A) AGRICULTURAL CO-OPERATION.

1. — **Co-operative Society for Scientific Pig Improvement in the District of Neu-Ulm (Bavaria) and its Contract with the Towns of Ulm and Neu-Ulm for the Delivery of Fattened Pigs.**—This Society affords an interesting example of a new application of the co-operative idea. It was founded, two years ago, on March 19th., 1910, under form of a registered limited liability Society. 142 farmers adhered to it at the start. The value of the shares (*parts*) is 200 marks. No member may have more than 20 shares. At the end of 1910, the total amount of shares subscribed was 45,200 marks.

The object of the society at first was the rearing of pigs. This branch of agriculture is too little developed in Bavaria, because, as Counsellor Risch of Neu-Ulm, the founder of the society, showed in the constituent meeting, the Bavarian farmers have been discouraged from it on account of the too rapid variation in the price of pigs and still more by the losses they have too often suffered through epidemics. While the livestock census of December 1st., 1907, gave the average of 39.2 pigs for every 100 inhabitants and 65.6 pigs per 100 hectares of cultivated land in Prussia, and for all Germany the average was 35.4 per 100 persons and 63.2 per 100 hectares of cultivated land, in Bavaria it was only 30.8 and 44.4, respectively. Therefore Bavaria has to import every year about 500,000 pigs from the other Federated States or from abroad. The contrary is the case with the production of

horned cattle, which is comparatively far greater in Bavaria than in Prussia or in the whole Empire.

The co-operative society, while seeking profits, tries to encourage the improvement of pigs in Bavaria first by showing practically that it may be very lucrative if intelligently directed and then by supplying the farmers with young pigs for fattening which have been bred with special care to save them from disease. On an estate of 13.5 hectares leased for 30 years from the Commune of Weissenhorn, the society has started a farm, in accordance with plans prepared by Professor Falke of Leipzig, where pigs may be produced and reared under favourable conditions, offering the best guarantees for their proper fattening. They are sold when 6 or 8 weeks old. Last year the society thus produced and sold over 1,000. Its net profits between April 15th. and December 30th., 1910, were 1,115 marks, allowing of the distribution of a dividend of 4 %. In 1911, a very unfavourable year, owing to the scarcity of money and the rise in price of food for the pigs, together with the fall in price of the animals themselves, a dividend of 3½ % was given on the net profits of the farm, which amounted to 1,810 marks.

Recently the work has been considerably extended. The scarcity of meat last year suggested to the society the idea of increasing its production of pigs and of devoting itself to their fattening. In order to ensure a market, it has entered into a contract with the two towns of Ulm and Neu-Ulm. This is really an attempt at co-operation between town and country and deserves to be considered most attentively. It differs slightly from the proposal made to the town of Ulm in accordance with the plan prepared by Professor Falke. According to that, the society was to have the technical direction and responsibility, whilst the town furnished the capital and engaged to buy a certain number of fattened pigs, at a price agreed on in advance.

The following are the principal conditions of the contract concluded in December, 1911 between the Weissenhorn Society and the towns of Ulm and Neu-Ulm, which came into force on the 1st. of January, 1912:

The Society and the two towns mutually engage, the former to deliver, the latter to purchase, a certain number of pigs for slaughter, weighing about 110 kg. alive. The number is fixed at 1,000 for 1912; it is to be increased in future years according to a contract to be arranged at the beginning of each year. The pigs must be delivered at the rate of 126 marks per 100 kg. when already slaughtered, or 100 marks per 100 kgs. when alive. This rate will, however, be reduced by 1 mark if for at least 3 months of the same year the general market price is below 126 marks per 100 kgs of the slaughtered animal.

The two towns place a piece of land within their territories free of charge at the disposal of the society.

They further engage to pay 4 % interest on the capital required for the building of the establishments, up to the amount of 15,000 marks. In order not to have to pay too heavy sinking fund instalments on the costs of building, the society would have liked the two towns also to undertake to pay the half, in case of the contract, which has only been made for five years, not being renewed on expiry. As the Communal administration did not accept this proposal, the Bavarian Government intervened, granting the society a credit of 25,000 marks at 3 % to be repaid in 20 annual payments of equal amount, with the clause that the State will renounce its claim to half of the sum still due at the end of five years, in case of the contract not being renewed.

To enable the society to meet the expense of the supply of food, the two towns open for it a standing credit, without interest, of 60 marks per animal, guaranteed by pledge and insurance.

Thus the serious question of provisioning cities with the assistance of the communal authorities, so often discussed in recent years has been solved by these two towns without their having to enter on hazardous experiments by themselves in founding establishments for production. Handing over, as they intend to do, the pigs supplied by the society to butchers who engage to sell the meat at a fixed rate, they will be able to control the prices, whilst the farmers will have the advantage of a certain market and a fixed tariff for their produce.

It is to be desired that the undertaking may be a complete success, and that the example may be followed by many other towns and agricultural associations.

(In two articles by Ministerial Councillor von Braun, of Munich, in the *Landwirtschaftliches Jahrbuch für Bayern*, 1911, No. 13 and 1912, No. 3. from which we reproduce these notes, ample explanations on technical points will be found).

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2. — Co-operative Motor Car Transport Societies in the Province of Hanover. —

To complete the information given some months ago in this Bulletin (Number 2, February, 1911) on the results attained by certain co-operative motor car transport societies, we reproduce from the fourth Number of the *Deutsche landwirtschaftliche Genossenschaftspresse* (February 29th., 1912), the following data as to the experiments made in this connection in the Province of Hanover.

The first societies started for goods and passenger transport in the country were not successful. They had to be liquidated one after the other at a loss.

According to Herr Bussen, the General Secretary of the Federation of the Agricultural Co-operative Societies of Hanover, the author of

the article we refer to, the causes of this ill success were the following : First of all, the financial bases of the societies were not sufficiently solid. Rural populations are distrustful of co-operative enterprises and generally only invest their money in them to a very limited degree. Thus, these societies found themselves at the start in a precarious condition. They were forced to borrow a large part of the capital for initial and working expenses, thus contracting heavy debts. The inevitable difficulties at the start were aggravated by this, which might have been avoided if the societies had had a strong and independent financial position.

Besides, sufficient account was not always taken, in founding these societies, of the conditions necessary to their working. It is essential that the intercourse between the communes it is proposed to provide with a motor car service should be sufficient for a regular passenger and goods traffic such as may ensure the continuance of the society.

A motor car co-operative society can only exist on condition of its uniting a certain number of hamlets and villages with a town, on which they are really dependent commercially and administratively and for intellectual purposes.

Another important condition for the success of such a society is the good condition of the roads and the security as well as regularity of the service. To attract the public there must be at its disposal a convenient mode of transport on which it can rely.

In order to ensure the good working of the undertaking the society must have at least two vehicles, to avoid interruptions of the service in case of accidents or for repairs. The two cars should be of the same model in order to facilitate such repairs.

There is no advantage in buying second hand cars as the savings on the price are soon absorbed in repairs.

The losses suffered by former societies have served as a warning to the new ones.

On these new ones Herr Bussen's article above referred to gives interesting particulars. They are three in number and include among their founders the Hanoverian Federation of Agricultural Co-operative Societies.

The first, the Suhlendorf- Uelzen Motor Car Transport Co-operative Society, was founded on February 17th., 1911.

The Shares are fixed at 300 marks, to be paid in full. The initial capital, about 30,000 marks, has been almost fully subscribed. Besides, since the liability of each shareholder is 1,000 marks, the Society has a considerable credit.

The line connects two large villages with the chief town of the district of Uelzen and the traffic is very active, especially among schoolchildren.

Another society, the Eldagsen-Barnten Co-operative Motor Car Transport Society, was founded on June 29th., 1911 to run between the town of Eldagsen, situated between two lines of railway, and the neighbouring stations. The shares (*parts*) are valued at 100 marks, payable in full and liable to a call of 150 marks. The amount derived from the 150 shares subscribed was invested in the purchase of a large car costing 17,000 marks and another costing 3,500 marks, so that after these purchases there remained a small working capital.

Special prudence was exercised in the foundation of this society and there was first a trial period in which the industrial society supplying the cars bore all the expense.

The third society, the Marschacht-Wittorf-Lüneburg, was the last founded. In order to protect itself against eventual losses, it has introduced the following system, deserving to be mentioned by way of example: it has made a contract with the city of Lüneburg, which is one of its members and possesses five shares (*parts*) (of 100 marks each), to the effect that the town shall make up the eventual deficit of the undertaking up to the amount of 3,500 marks per year. Other Communes are to render themselves similarly liable to the amount of 2,500 marks. This is a system that has long been in use, dating from when the railway lines were first made. Besides the approximate estimate of profits admits of the hope that the undertaking will be a paying one. The price of the two cars is covered by the subscribed capital, of which the shopkeepers of the town of Lüneburg, for whom the new line is a great advantage, have paid up the considerable sum of about 15,000 marks. The working expenses, including sinking fund, of 15 % are estimated at 17,000 marks. The annual returns from the regular passenger service of 8 journeys of 11 kilometres with an average of 10 passengers are estimated at 17,500 marks. Allowing for 2,000 marks for supplementary journeys and the carriage of luggage, and 2,000 marks from the Postal Department for carrying the mail, the net profits will be 4,500 marks. The number of passengers will probably be larger than that taken as a basis in calculating the revenue, since in the two previously mentioned societies it has far exceeded the estimate.

In addition to these three societies, we may mention, on the strength of a notice in the *Deutsche landwirtschaftliche Genossenschaftspresse* of April 30th., a fourth co-operative motor car transport society, founded quite recently in the same province for the establishment of rapid communication between the towns of Osterwald and Hanover. The founders of this society, chief among whom is Herr Bussen himself, have had to apply to the regional court of Hanover for the entry of the society on the register of co-operative societies, this having been refused by the

local court of first instance on the ground that the society was an ordinary transport business and only indirectly profited its members.

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3. — **Professions of the Persons Managing the Agricultural Co-operative Credit Societies in Bavaria.** — The *Verbandskundgabe*, organ of the Bavarian Federation of Agricultural Co-operative Societies and the Central Bavarian Loan Bank, publishes in its 8th number, April 10th., 1912., a statistical table showing the professions of the principal officers in the rural credit banks of the various districts of Bavaria. We shall only give the total figures. The table deals with the Managers, Presidents of the Board of Administration, and the Cashiers of 2,160 banks. These offices are distributed as follows :

	Clergy	Schoolmasters	Other Professions
Managers	131	22	2,007
Presidents of the Board of Administration	488	106	1,566
Cashiers	291	425	1,444
	910 = 14 %	553 = 8.5 %	5,017 = 77.5 %

Among the persons included in the third column agriculturists are greatly in the majority, and the *Verbandskundgabe* concludes by declaring unjustified the reproach made of an insufficient representation of the agricultural element in the management and administration of the rural banks.

(B) AGRICULTURAL ASSOCIATION.

1. — **Foundation of a League of Wurttemberg Peasants.** — The farmers of the Kingdom of Wurttemberg, following the example of those of Westphalia, Bavaria, Baden, etc., have just formed a league with aims similar to those of the other leagues. Those aims are the defence of the moral and material interests of the farmers of the country, exclusive of any

political or religious tendency. The Federation will establish relations with the other leagues and collaborate with them as soon as the common interests of the farmers demand it.

The headquarters of the league, which will be registered in the courts as an association in civil law, are provisionally established at Heilbronn. The following officers have been elected: Herr Otto Hartmann, Oberginsbach, President; Herr Karl Henn, Gundesheim, Vice-president, and Herr Franz Feilmeyer, of Ruytal, second vice-president. The executive committee will be composed of these three and five other members.

As hitherto the Wurttemberg farmers have had no strong professional organization, it is to be expected that the new foundation will considerably assist in the development of agriculture in the Kingdom.

(Summarised from the *Deutsche Landwirtschaftliche Presse*, No. 12, February 10th., 1912).

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2. — **Farmwomen's Associations in the Eastern Provinces.** — Just as in Belgium and in Russian Poland, also in Germany, the Farmwomen are beginning to unite in associations. What the peasants' leagues are doing for the farmer, the farmwomen's leagues are doing for his wife, by encouraging the sentiment of class and completing the professional and social education of their members. We find a very large number of these Associations in the Eastern Provinces of the Empire, where two large federations have been founded, one in East and the other in West Prussia. The object of these associations is to extend the work of the countrywomen by exchange of opinions, information, etc., and to encourage the industries and sciences that have an influence on household management. In addition, the associations propose to found offices for sale of rural household produce, that is of the farmyard and kitchengarden. The first of these associations was founded by Frau E. Boehm in East Prussia. The example was soon followed and later on these associations founded provincial federations or leagues. The first association of the kind in West Prussia was due to the initiative of Frau Zimmer, wife of the clergyman at Neukirch. On January 25th., 1910, all the Women's Associations of the province together founded a provincial league, which, according to its last annual report, now includes 12 associations with 892 members. Both the Federations of East and West Prussia have sale offices. Both are affiliated to the Chambers of Agriculture, which have readily placed at their disposal their offices and their scientific and technical staff and have even given them subsidies. In order to provide their members with technical education, the federations have organized courses on the utilisation of fruit and vegetables, poultry im-

provement, etc. The organ of these federations is the review "Ost-deutsche Frauenarbeit" (East German Women's Work). In exceptional cases, women living in towns may become members of these agricultural housewives' associations that hope more and more to interest the urban classes in agriculture.

(Summarised from MATTHIAS SALM: *Landfrauenorganisation in the Landwirtschaftliche Presse*, XXXIV, No. 40, May 18th., 1911).

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3. — **Agricultural Association and Legal Assistance.** — It is notorious that the farmers, and especially the peasants, are frequently victims of money lenders and are often taken advantage of by cattle dealers.

Their ignorance of the provisions of the law exposes them likewise to many other dangers.

Again when they have a case to be pleaded in court they are seldom in a position to choose a good attorney or advocate or to judge of the advisability of an appeal. As a remedy for all this, a certain number of agricultural associations have instituted a service of legal assistance for their members. This may be limited to the furnishing of legal information, or cases may be put into the hands of lawyers indicated by the associations. A very highly developed system of legal assistance has been adopted by the Baden Peasants' League. This league, which in 1910 included 1,045 local associations with 12,455 members and extends its action to the whole Grand Duchy of Baden and the Principality of Hohenzollern, furnishes information both to the affiliated associations and to private members and pays for their defence in court by a certain number of lawyers (at present 14) retained by it.

(a) The league supplies information free and accepts the risks of the case, when it is a matter of dispute relating to purchase and exchange of cattle, agricultural produce, machinery, etc., unless these articles have been bought from the league itself. It also gives its assistance in serious cases of usury and fraud on condition that the contracts have been made by farmers in connection with their work.

(b) The league only provides legal information in cases relating to contracts entered into with farm servants and labourers, the demands of carters and day labourers, farm leases, damage to agricultural buildings and land, the produce of the soil, cattle machinery and implements, damage caused by game and by the manœuvres, and finally in cases of expropriation.

(c) The league may directly undertake the conduct of a case of considerable interest for itself or for a large number of its members.

(d) The local associations have a right to the legal assistance of the league in all their lawsuits, except when there is question of the provision of articles which the league itself sells.

In order to avoid useless lawsuits, the league does not repay the costs of any member who, before bringing his case into court, knows that the defendant is insolvent. In the same way, repayment is not made, if the plaintiff can produce no proofs or witnesses, so that the verdict of the Court has to be based exclusively on his oath. In both cases, the league may, however, consent, on previous request of the party, to conduct the case at its own expense. The member loses his right to free assistance if he makes false allegations to his lawyer or conceals important facts and the case is lost in consequence. The same holds, if the plaintiff intervenes personally in the case and especially if he accepts an arrangement to his disadvantage with his adversary, against the lawyer's advice.

As a rule, the league only pays the expenses of procedure in the first instance. For repayment of ulterior expenses, a special application must be submitted to the league.

The league intervenes as follows :

The member whose interests have suffered applies to the president of the local association who tries to reconcile the parties. If the adversary refuses any compromise, the president gives the member an order for legal assistance. Furnished with this order the member goes to the lawyer appointed by the league for his district. There are no immediate dealings between the league and the lawyers. The lawyer demands his fee of the plaintiff and the latter applies to the league for reimbursement.

The expenses borne by the league for this system of legal assistance were :

In 1904 . . .	17,728.28 Mks.
» 1907 . . .	19,204.93 »
» 1910 . . .	34,254.20 »

The following figures show the number of cases in which information was given.

	Verbal	Written	Total
	—	—	—
1904 . . .	623	258	908
1907 . . .	748	299	1,047
1910 . . .	1,659	910	2,569

The number of cases conducted by the league at its own cost was in 1904, 391, in 1907, 549 and in 1910, 942.

In addition to direct assistance the league has endeavoured. by means of publications and lectures, to extend the knowledge of the law among the agricultural classes, and it is undeniable that its influence in this respect has been most beneficent, especially in combatting usury.

(Summarised from A. BURKERT, *Rechtsschutz durch landwirtschaftliche Vereinigungen* in "Das Land", no. 2, January 1st., 1912

CO-OPERATION AND ASSOCIATION

BULGARIA.

CURRENT QUESTIONS.

First Working Year of the Central Co-operative Bank of Bulgaria.

Sources :

Report of the Central Co-operative Bank of Bulgaria for 1911, 1st Year, Sofia, 1912.

The Central Co-operative Bank of Bulgaria — *Bulletin of Economic and Social Intelligence*, February, 1912. Published by the International Institute of Agriculture.

DOBREFF: Die landwirtschaftlichen Kreditgenossenschaften in Bulgarien. (*Agricultural Co-operative Credit Societies in Bulgaria*). Erlangen, 1911.

Introduction.

We have already on various occasions spoken of the efforts made in Bulgaria for the foundation of institutions for the development of small agricultural credit (1). It will then be sufficient for us here to recall the chief result of these efforts which was that the law of December 11th., 1910 established a Central Co-operative Bank to perform the same service for the small agricultural credit associations of the country as the Agricultural Bank of Bulgaria had been performing on its own account and very successfully since 1903. We must also here remark that the Central Co-operative Bank has in no way led to a reduction of this work of the Agricultural Bank of Bulgaria. Quite the contrary; the latter and the National Bank having (§ 8 of the above law) each to contribute to the initial fund of the new Bank an amount of 2½ million levas; they are both, according to paragraph 3 of the law, considered as founding members of the new

(1) See *Bulletin of Economic and Social Intelligence*, January and February, 1912.

establishment. The ordinary members are the associations of credit which have joined with them in making up the initial capital.

The new bank began work on March 18th., 1911 and closed its first year's accounts on December 31st. The results of this first year's work have just been published in a report of 71 quarto pages, and we shall now place the most important of them before our readers.

This "Report of the Central Co-operative Bank of Bulgaria," contains first a summary of the "Law (of December 11th., 1910) on the Central Co-operative Bank," promulgated December 17th., 1910 (O. S.) (1); the law of February 17th., 1907 (O. S.) on Co-operative Associations, amended and completed by the law of March 2nd. (O. S.); the law of December 26th., 1910 (O. S.) on Insurance of Agricultural Produce against Hail; and finally the law of December 26th., 1910 on Insurance of Large Horned Cattle (2). Then follow particulars of the working of the Bank. We reproduce the following passages:

§ 1. *Organization and Administration.*

Board of Administration. — As may be seen in §§ 18 and 19 of the above law of December 11th., 1910, this board is composed of a director and two administrators. In 191 sittings it has dealt with 1,004 matters. It then had to deal with the organization of the Bank for the current year, 1911. It was necessary to discuss and eventually to approve the regulations drawn up by the management and the corresponding sections, to accept the applications for credit made by ordinary members and to decide on their distribution, to make out the various accounts, and regulate the correspondence service to be maintained with other banks as well as the insurance and other services.

The decisions of the Board of Administration, carried unanimously, were approved by the Superior Council (see below), by the Financial and by the Commercial and Agricultural Departments. They referred to the following amongst other matters: Provisional Regulations in regard to the Ordinary Members of the Bank — Conditions of Hail Insurance — Rate of Interest and Commission — Provisional Regulation on the Inspection of Ordinary Members — Provisional Regulations on the Operations of the Bank — Rules for the Insurance of Large Horned Cattle.

(1) See *Bulletin of Economic and Social Intelligence*, 1912, no. 2. where the full text will be found.

(2) The full text of these last two laws will be found in the *Annuaire de Législation agricole*, 1912, published by the International Institute of Agriculture (in the Press).

The *Superior Council* (1) met 17 times to discuss 24 matters submitted for its approval by the Board of Administration.

The *Examining Board* (2) had no inspections to make in its first year.

The staff is recruited with the greatest care. As a rule, it is required that the employees should have at least completed the middle school course of studies. Preference is given to former employees of the National and Agricultural Banks. To permit of some of them specialising, they have been sent for a month to the "Országos Központi Hitel-szövetkezeti" (Central Co-operative Credit Bank) at Budapest, and to Darmstadt to follow the six months' course of preparation for employment in agricultural co-operative societies.

Headquarters. — At first the Bank hired a house belonging to the Hospital "Evloguii Gheorghiev" in Alexander I Street, at a rent of 500 levas a month, as an office. Then it bought an establishment for 183,000 levas, facing the Valkovitch and Benkowsky Streets. It was installed there on the 12th. December, 1911.

Organ. — Since March 30th., 1911, it has issued a paper, called the "Messenger of the Central Co-operative Bank," which appears three times a month. It is exclusively edited by the staff of the Bank under the control of the director. It is sent gratis to all ordinary members of the Bank, correspondents and any body making application. The accounts for the paper are kept separately.

The *Library* contains 1,045 books.

In the *Furniture* are included 374 articles of a total value of 14,263.07 levas.

The following estimate of expenditure for the year 1911 was approved at the meeting of March 4th., 1911; we give also the actual expenditure incurred.

(1) The *Superior Council* Consists of 7 Members: the Financial, and the Agricultural, Department, the National Bank and the Agricultural Bank are each represented by a delegate, and the associations, ordinary members of the Central Co-operative Bank, have three delegates.

(2) See § 28 of the law founding the Central Co-operative Bank.

Estimate		Actual Expenditure	Balance
Ordinary Expenditure	286,860 levas	141,266.04 levas (of this 105,883.06 " for salaries etc. of the Staff)	147,593.96 levas
Extraordinary Expenditure	303,000 " (for purchase of a building for the Office of the Bank, furniture, etc.).	263,549.34 levas	39,450.66 "
« Messenger of the Central Co-operative Bank . . .	9,000 levas	5,183.71 "	3,816.29 "

§ 2. The Credit Section.

Capital Subscribed by the Founding Members. — In accordance with the provisions in § 8 of the law by which the Central Co-operative Bank was founded, the National Bank and the Agricultural Bank had each to open a credit of $2\frac{1}{2}$ million levas for the new Bank, that is 5 million levas altogether. The new Bank has already drawn 1,755,769.32 levas. There remain therefore still to its credit 3,244,230.68 levas. Besides, according to letter c of paragraph 8 and paragraph 10 of the law, the National Bank and the Agricultural Bank were bound to pay up, in 1911, in equal portions, an amount of a million levas, towards a Bond Fund, which the National Bank has done.

Capital Subscribed by Ordinary Members. — Every co-operative society must, at the moment of its registration as member of the Central Bank, in conformity with § 5, subscribe to the initial capital at least one 100 levas share (*action*) and the Federations an equal amount for each affiliated society. Under penalty of losing all claim to dividends, the co-operative societies and federations must, as soon as they are registered, pay their contributions as ordinary members or an instalment of the same, provided always that the whole amount be paid within a maximum period of two years.

Up to the end of 1911, the ordinary members had subscribed in 100 levas shares an amount of	88,600.00 levas
of which they had fully paid up	26,256.90 "
There remains therefore to be collected	62,343.10 "

Ordinary Members (1). — The co-operative societies shown under this head in the books of the Bank, at the end of the year, were 458, as follows :

1. — People's Banks	17
2. — Co-operative Societies for Production	12
3. — „ Distributive Societies	2
4. — Agricultural Mutual Associations	80
5. — Societies affiliated to the Central Federation	239
6. — Societies affiliated to the General Federation	102
7. — Societies affiliated to the Regional Federation of Karler	6
Total	458

These 458 societies, which have altogether 786 shares in the Bank have borrowed from it a total amount of 11,763,800 levas.

The allowance of credit to the societies depends on information received with regard to them, their previous activity and the debts they may have incurred. Thus credit has been refused to 71 societies, 66 of which are already in debt to the Agricultural Bank of Bulgaria.

Interest and Commission. — By the law, the Central Co-operative Bank charges $6\frac{1}{2}\%$ on its business with the co-operative societies. The Federations obtain loans from it for from 500,000 to 1,000,000 levas at $6\frac{1}{4}\%$ and larger loans at 6 %. In conformity with the same provision, the National Bank grants loans at 6 % and the Agricultural Bank refuses to lend at a lower rate.

Operations conducted by the Credit Bank.

A distinction may be made between the financial operations of the Bank and its Balance Sheet proper. In 1911 the operations of the Bank amounted to a total of 25,077,068.99 levas and are shown in detail in the "Statement of Accounts in the Ledger, on December 31st., 1911" (page 48 of the Return). We give the more important items:

1. Total Cash Business:

Receipts for 445 Operations	2,174,154.46 levas
Expenditure for 341 "	2,171,957.21 "
Balance in Hand	2,197.25 "

(1) On page 39 of the report, a complete list is given of the societies registered as ordinary members of the Bank.

2. *Bills and Acceptances:*

Credits, 446 Bills passed for Loans Granted	468,019.86	levas
Debits, 302 " " " "	291,599.35	"
<hr/>	<hr/>	
144 " " " "	176,420.51	"

3. *Long Term Loans:*

Credits, 36 for an amount of	182,800.00	levas
Debits, Paid	3,450.00	"
<hr/>	<hr/>	
Current, 36 for an amount of . . .	179,350.00	"

4. *Bills in Deposit:*

Debits 10,387 securities for	4,992,517.18	levas
Credits 3,342 " "	1,793,622.80	"
<hr/>	<hr/>	
Balance 7,045 " "	3,198,894.38	"

5. *Current Accounts opened on Deposit of Security:*

Credits 1,327 cheques	2,818,692.95	levas
Debits	1,161,963.38	"
<hr/>	<hr/>	
Balance to the Debit of the Co-operative Societies	1,656,729.57	"

6. *Current Accounts at Interest:*

On May 6th., 1911 (O. S.) there were deposited in the National Bank of Bulgaria at 3%	500,000.00	levas
Amount of interest added to Principal on December 31st, 1911 (O. S.)	9,190.88	"
<hr/>	<hr/>	
Principal and Interest . . .	509,190.88	"

7. *Deposits Payable on Demand:*

Received 11 Deposits for the amount of . .	1,855,932.76	levas
Refunded 1 " " " " . .	1,363,861.86	"
<hr/>	<hr/>	
Balance 10 Deposits	492,070.90	"
Interest added to Principal, December 31st., 1911	10,374.76	"
<hr/>	<hr/>	
Balance, 10 Deposits for . . .	502,445.66	"

We shall now give the Balance Sheet of the Bank as it appears on page 49 of the Official Report of the Bank.

Balance Sheet for December 31st., 1911.

CREDITS			Levas	St.	DEBITS			Levas	St.
1	Cash in Hand . .	2,197	25	1	Founding Members' Shares	5,000,000	—		
2	Bills and Acceptances	176,420	51	2	Ordinary Members' Shares	88,600	—		
3	Long Term Accounts	179,350	—	3	Bond Fund . . .	1,000,000	—		
4	Current Accounts opened on Deposit of Securities .	1,656,729	57	4	Deposits for a Term with Interest added to Principal .	31,232	90		
5	Securities in Connection with the Bond Fund . . .	529,000	—	5	Deposits for a Term without Interest added to Principal	73,794	—		
6	Bills in Deposit . .	3,198,894	38	6	Deposits payable on Demand . .	502,445	66		
7	Bills to be Cashied by Correspondents .	115,481	75	7	Deposits on Security of Bills . . .	3,290,217	03		
8	Members' Ordinary Shares (Actions) not paid up . . .	62,343	10	8	Difference in Purchase Price of Bonds	29,095	—		
9	Personal Estate . .	14,263	07	9	Interest, Commission and Discount for 1912	3,952	69		
10	Real Estate . . .	249,286	27						
11	Current Accounts not at Interest .	3,321,138	65						
12	Current Accounts at Interest . . .	509,190	88						
13	General Expenses for 1912	5,041	85						
Total . . .		10,019,337	28		Total . . .	10,019,337	28		

§ 3. *The Insurance Section.*

§ 7 of the law on the Central Co-operative Bank of Bulgaria provides that the Bank shall establish a special section for agricultural insurance, with two subdivisions, one for insurance of agricultural produce against hail, the other for the insurance of large horned cattle.

(A) HAIL INSURANCE.

In its first year hail insurance had first of all to be organized and the principles of its working to be laid down. It was necessary : (a) to regulate the conditions for the exercise of this class of insurance ; (b) to calculate the maximum, minimum and average yield of a *décare* ($\frac{1}{10}$ th hectare) of cultivated land, according to the special conditions of the locality and the kind of crops. To attain this end, lists of questions were sent to all the communal councils of the Kingdom to which they were to reply by furnishing statistical data of the yield of the land in their region. The table prepared from these data will be brought up to date for the current year. (c) It was then necessary to divide the regions in groups corresponding with the greater or less risk of damage from hail, in accordance with data supplied by the Central Meteorological Station as to the frequency and violence of hailstorms. In this connection, 24 classes of areas have been made, the 24th. class comprising those most frequently damaged. (d) In relation to the class of crops, 7 degrees of risk have been established. (e) In fixing the rates account has been taken of the position of the farm and the class of cultivation carried on. (f) It was finally necessary to draft instructions, for the use of the peasants, on insurance of agricultural produce, provisional regulations for the agents charged to fix the terms of contract and the amount of premiums and to show by means of lectures the various aims of the Central Co-operative Bank of Bulgaria in its insurance business.

Policy Holders. — This first year, 3,857 persons stated their desire to insure, but, later, 414 changed their minds, so that there are actually 3,443 policy holders in 491 communes. Most of them belong to the department of Plevna. Of these policy holders, 2,592 were inhabitants of the country districts and only 379 were illiterate.

Amounts Assured. — The amount assured is 6,120,490 levas. The largest individual amount was 85,500 levas, and the policy holder was a large proprietor of Oriekhov, the smallest amount was only 10 levas. The average amount assured was 1,777.66 levas, but in the greater number of cases it was over 1,000 levas. We may classify the amounts as follows :

					levas
1,819	small amounts of from 1	to 1,000	levas		955,670
1,457	medium „ „	1,001 „	5,000 „		2,898,660
178	large „	above	5,000 „		2,274,790

Of the crops insured, wheat comes first, being 50.69 % of the total, for an amount of 3,102,193 levas. Then come vines, 16.77 % of the total, for an amount of 1,026,639 levas.

The total amount of *premiums* paid was 134,864.90 levas, or 2.20 % of the amount assured. This might seem to be rather a high proportion. The reason is that a large part of the amounts assured are for vineyards and for this class of crops the premiums had to be very high. The premium paid for other crops is, on an average, 1.78 % of the amount assured. It was in the department of Koestendil the highest premiums had to be paid, namely, on vines and tobacco, 5.3 % of the amounts assured.

The 15,424.05 levas derived from *registration fees* have been entirely paid over to the reserve fund.

Experts have been entrusted with the *calculation of losses*. They have been chosen, in every region, from among the most intelligent farmers, vine growers and tobacco cultivators. Their names are proposed by the district surveyor and the communal council and the council of administration of the Bank confirms their appointment. When the Report was drawn up, these experts were 342 in number.

Claims. — The policy holders who suffered from hail were 527. 126,974.10 levas were paid in claims, or, on an average, 245.60 per claim. The highest sum paid in compensation was 4,122.40 levas and the lowest only 1.50 leva. On an average, the claims did not exceed 2.07 % of the total amounts assured, that is they were 0.13 % less than the amount of the premiums, which, we saw was 2.20 %. The premiums therefore completely cover the losses and there were 7,890.80 levas remaining to meet the expenses of valuation and a part of the costs of administration. It was found possible to place almost the whole of the Government subvention to the reserve fund.

The following table shows the work of the insurance section :

Year	Number of Policy Holders	Amount assured		Premiums	Number of Policy Holders Compensated	Claims		Premiums	Estimated Claims	Claims Paid	Reserve Fund	Costs of Administration	Costs of Valuation
		Total — levas	Average per Policy Holder — levas			Estimated Total	Paid	% of Assured Amount					
1911	3,443	6,120,490	1,777.66	134,864.90	517	126,974.10	126,974.10	2.20	2.07	2.07	9.90	0.20	0.07

These are very appreciable results and the Government and the competent authorities have not failed to recognise their value.

(B) INSURANCE OF LARGE HORNED CATTLE.

The Government only definitely approved the legislative provisions for the exercise of this branch of insurance by the Bank on the 12th of December, 1911. So the work was only commenced in 1912.

This account shows that the Central Co-operative Bank is already very well organized. Its position is firm. It is a mixed credit and insurance institute, and its development must be studied with the greater attention as this is a type of agricultural co-operation up to the present rather rarely met with.

CO-OPERATION AND ASSOCIATION

ITALY.

I. — CURRENT QUESTIONS.

Catholic Workmen's Organizations in Italy.

PART I.

Sources :

Le organizzazioni operale cattoliche in Italia. (*Catholic Workmen's Organizations in Italy*).
Department of Agriculture, Industry and Commerce. General Management of Statistics
and Labour : Labour Office. — Rome, Officina Poligrafica Italiana, 1911.

The Labour Office at the Department of Agriculture, Industry and Commerce has recently terminated an important enquiry into the Catholic Workmen's Organizations, illustrative of their history, their life and character (1).

The results of this enquiry have been published in two parts, with an introduction on the Catholic Workmen's movement from its first beginnings up to the present day; in the first part the improvement organizations and labour leagues are studied, their objects and means of action, their denominationalism, as well as the work actually performed by them ; in the second, the co-operative, mutual and credit organizations, in so far as they constitute the nuclei and the elements out of which the professional organization has gradually developed. One part, therefore, serves as com-

(1) The Labour Office since its start has occupied itself with the study of these organizations and gives information concerning them periodically in its Bulletin. Already, in April, 1903, it published Statistics of the Professional Unions, and in 1908 together with the "Economico-Social Union for Italian Catholics" (Bergamo), began the present enquiry.

plement to the other and both answer a "real need for knowledge of phenomena and circumstances not yet sufficiently studied."

Keeping to the plan of the enquiry we shall deal especially with the organizations in the field of labour, or those strictly professional, and the subsidiary organizations in the economic field.

INTRODUCTION.

Historical Notes on the Catholic Workmen's Movement.

In 1874 when their first National Congress was held, the Italian Catholics first outlined the programme of study of the corporate organization of labour, commenced at the Fourth Congress at Bergamo (1877) and resumed on a larger scale at the Seventh at Lucca (1887). Meanwhile a first development of the Mutual Aid Societies was decided on, in which might be seen the germs of future real improvement organizations. And in 1891 there were already 284 Catholic Workmen's Societies with 73,000 members.

The movement extended after 1891, the year of Leo XIII's Encyclical "Rerum Novarum" on the Workmen's Question, and in the succeeding congresses the nature of the improvement organizations was more and more clearly defined as that of permanent class representations, first aiming at uniting employers and employed in the same organizations, and then recognising the necessity of purely workmen's organizations: this necessity was admitted at the Eleventh Congress at Rome (1894) and, although much discussed in later congresses, was reaffirmed in the 17th Congress at Rome (1900), and finally recognised in those of Taranto (1901) and Bologna (1903).

Meanwhile organization had developed in the field of co-operation, especially in agriculture; and indeed, while the first rural bank was founded in 1890, in 1893 there were already 69, 166 in 1894, 532 in 1896, 800 in 1899, 1,094 in 1906, and 1,303 in 1907. And while rural unions and popular banks were being founded, mutual aid societies continued to increase in number, amounting in 1903 to about 800.

But the great increase of real workmen's improvement organizations (labour leagues), was first observed between 1900 and 1903, when they rose from 54 to 229; while on the other hand there was an arrest in the years 1904-1905, marked by the dissolution of the "*Opera dei Congressi*," the earlier general organization of Catholics in Italy, which took place after the Congress at Bologna in 1903. However, the second group of this *Opera* survived, with its headquarters at Bergamo, and to it all the economic

organizations adhered and it was transformed, in 1906, into the existing "Economico-Social Union for Italian Catholics." In the years 1907-1909, the separate forms of organization were grouped together in different federations in this Union; thus there were formed a Federation of Mutual Aid Societies, one of Agricultural Co-operative Societies, one of Rural Banks, and a *General Secretariat* of Professional Unions. The new rules of the Union published by the Holy See on February 15th., 1911, give the adhering institutions a systematic arrangement, grouping them in four general *secretariats*, by which the Union itself is constituted, representing respectively: (1) Professional Organizations, (2) Agricultural Co-operative Societies or institutes, (3) Mutual Aid Societies, (4) Credit Institutions.

In recent years the advance of the labour leagues has continued, their numbers rising from 183 in 1907 to 257 in 1908, 321 in 1909, and 374 in 1910, while the first National Federations of individual industries are being constituted as appears from what we shall here set forth.

CHAPTER I.

Workmen's Improvement Organizations.

These form the principal object of the enquiry. The data regarding them, obtained by means of special lists of questions, may be considered approximately complete, or as representing almost in their true proportions the actual conditions of the societies at the end of 1910.

§ 1. *Objects and Means of Action of the Organizations.*

For the examination of the objects and means of action of these organizations their rules were taken as a guide. But of the total of 374 organizations reported, only 198 had rules. From an examination of these it appeared that the general purposes of the Unions were (1).

I. The Defence and Promotion of the Professional Interests of Members.

II. The Representation of Members.

It is proposed to protect members' professional interests, either by a declaration (in the rules of 128 organizations) of a desire for the *gen-*

(1) We are speaking here of the general objects of such unions, since in certain exceptional cases we shall leave out of consideration, they have also other aims outside of their professional action.

eral improvement of their economic conditions, together with their intellectual and moral improvement (1) : or by the proposal (in 98 cases more specifically to defend and promote professional interests, the interests, namely, of the workmen belonging to a given profession, basing this protection on definite moral principles. This moral side is a characteristic of the first importance in the organizations we are dealing with.

Both in the first and second type of rules, mention is also often made of improvement or protection of the interests, not of members alone, but generally of workmen in definite industries or professions.

The second general object, as we have said, is the representation of members. And in especial, the organizations propose :

(a) to form a permanent organic representation of the working class (in the rules of 59 of the organizations).

This object is associated with the conception of the social programme of these organizations, which have as their ideal the state of society resulting from the harmonious co-existence of the various classes, each permanently organised, with permanent representations to maintain continuous relations with the rest.

(b) to represent the organized labourers with the public authorities (in the rules of 90 of the organizations).

(c) to represent them with the employers especially in labour contracts and in matters connected with them (in the rules of 148 organizations).

In enunciating this object the rules declare that this representation should enable the workmen to meet their employers on equal terms (2), but with no antagonism, in fact sometimes they explicitly exclude a programme of class war, while struggling to defend the workmen's interests, even by means of resistance.

Aiming therefore, as we see, at an ideal order based on the collaboration of the various classes, the workmen's organizations do not see, even in struggle, a permanent and systematic antagonism between their class and that of the masters. Sometimes they declare they keep in mind the necessity of a final co-ordination of the interests of all classes, aiming at a general harmony among them.

(1) From this first statement of the object of *general* improvement the rules under consideration pass, however, to the enunciation of more precise practical aims and the means it is intended to use to attain them, from which it appears that by the expression of *general* economic improvement precisely the protection of professional interests is intended.

(2) Permitting them, that is, that defence of their own interests which would scarcely be possible for isolated workmen, and taking care that in fixing the conditions of labour the principles of justice and equity be respected.

But this attitude does not prevent the organizations themselves from aiming at protecting the workmen's interests against the masters, by every needful means, not excluding strikes.

The organizations propose to reach the above general ends by different means that, according to the rules, may be summed up as follows :

(1) *Development of the Spirit of Solidarity*.—It is first of all sought to promote this spirit among the members of the organization and, when in the same organization there are workmen of various professions, among the various classes of workmen ; it is further sought to develop the spirit of solidarity among all the workmen of a particular profession, or of the various professions *even not organized*, and, finally, with other organizations of the same profession or professions, in the locality, in the province or in the nation, or with foreign organizations. This object is announced in the rules of 8 organizations.

(2) *Education and Instruction of Members*.—The idea of Education is associated with the moral improvement of members and of their professions these organizations aim at : it is intended to provide for it by lectures, the spread of newspapers, libraries, etc. In particular, as regards professional action, this education is intended to awake the workmen to a sense of their conditions and to show them the way and means for attaining the desired improvements.

It is sought to increase the general elementary and especially professional instruction, by means of courses of lectures, lessons, night schools, and holiday schools, professional schools, etc. This object we find specified in the rules of 149 societies.

(3) *Conclusion of Labour Contracts*. — It has been seen that among the general objects of these organizations there is also included the representation of the workmen in the arrangement of labour contracts. In practice, by this means, it is intended to obtain suitable conditions of labour and improved rates of payment, to fix the minimum wages and maximum number of hours, obtain special contracts (abolition of piece work, *métairie*, etc.). This is contemplated in the rules of 154 organizations.

(4) *Settlement of Disputes*. — The organizations further propose to defend the labourers from all violation of labour contracts and generally to settle disputes on the interpretation and application of contracts. They intervene also in a larger sphere of controversy in connection with what is called the *work of resistance*, in relation to the workmen's rights, their requests for improvements, their defence against violation of their rights or increase of their burdens, etc. The organizations occupy themselves, therefore, with all applications and treaties, legal measures and strikes (in the rules of 157 institutions).

(5) *Labour Offices*. — The organizations propose to themselves to act as intermediaries between demand and supply of labour, undertaking

to find employment for labourers, whether by creating special offices or giving addresses and information; and this, sometimes only for members, sometimes for all workmen of one profession or locality. 112 organizations have this end in view.

(6) *Legal and Technical Consultation*. — 68 organizations propose to give advice on all questions generally submitted to them by members.

(7) *Assistance to the Unemployed*. — In the rules of 47 organizations considered, members are ensured assistance in case of compulsory and involuntary unemployment, either by means of the institution of thrift banks for the purpose, or by the assignment of a part of the assets of the organization for this object, or finally leaving the boards of management to settle the amount of the subsidies, in each case, according to their discretion.

(8) *Action for the Promotion of Social Legislation and Supervision of the Application of the Existing Laws*. — This action is especially exerted by demanding laws for the protection of labour, or reforms, and by supervision of the application of the existing laws, while proposing the registration of labourers in the lists for the formation of boards of arbitration and the working of these; and demanding that members observe the rule for rest on Sunday, etc. (1)

(9) *Special Economic Advantages for Members*. (*Thrift, Co-operation*, etc.). — Finally, the organizations aim at procuring their members special economic advantages, completing in this way their work of professional protection. So the rules in 159 societies state their desire to institute for the purpose, among their own members organisations for thrift, for distribution of subsidies in case of sickness, invalidity, etc., co-operative societies for production, distribution and credit.

*
* *

It is important to note that the organizations up to the present considered are all composed of workmen only. And indeed, the original programme of the Catholics for the formation of *mixed* unions, including, that is, workmen and masters, has been gradually abandoned. If in the rules of some (4 only) societies we find the form of mixed organization, this is a survival of the former conception, which practically has not been realised.

We must finally mention another group of organizations, 28 in number, namely *Labour Offices* and *Federative Centres of Local Propaganda*, the object of which is:

(1) With regard to Sunday rest, sometimes for a dispensation from it the consent of the Ecclesiastical authorities is required. Here we see the moral tendency of these Unions, based on religious sentiment.

(a) to promote professional organizations, either instituting them or making propaganda for the purpose ;

(b) to federate by real federative bonds or a simple co-ordinating bond, the organizations of a special territory (commune, province, diocese) and direct and assist them.

And since such organizations are intended to accentuate the movement in favour of professional unions, we find also in their rules the same objects and means of actions as in the individual organizations, with the only difference that we meet with no case of distribution of real subsidies to the unemployed. (1) They also propose, for the accomplishment of their work of propaganda and co-ordination, to act as statistical offices for study, enquiry and general and special research.

§ 2. *Denominationalism in the Organizations considered.*

One of the most important points in the enquiry was in connection with *denominationalism*, the specific and differential character of the Catholic workmen's movement. In the rules of 4 of the organizations examined in this connection, any *religious* character of the organization is expressly excluded, whether in relation to its objects or to the conditions for admission of members, although these bodies have been founded on the initiative and with the subventions of Catholics.

In 13 cases it is expressly excluded that the members should be required to be of a given political creed.

In 23 cases there is no express exclusion of a religious or political character, but such exclusion may be considered implicit, as there is no indication of it. Also these organizations were however included in the enquiry as having been founded by Catholics or having in practice acquired a confessional attitude or spirit.

But in the great majority of cases (169 in 198) the religious (2) denomination of the organization is *expressly declared* either in the declaration of its character, objects (3) and means of action (in 131 cases), or in the conditions of admission and exclusion of members (in 34 cases), or in actual obligation of religious practice imposed on members (in 7 cases).

(1) On the other hand subsidies are distributed in the case of strikes, but they are considered distinct from those to the involuntarily and compulsorily unemployed.

(2) This character also appears very often in the very title of the organization; Catholic League, Catholic Union, etc.

(3) Almost all the organizations that have in this way declared their religious denominationalism, have, by their rules, an ecclesiastical assistant among their members, who judges the religious principles inspiring their action.

Finally, in 3 cases, the object is declared to be opposition to certain political tendencies, for example to collectivism, socialism, etc.

The character of denominationalism, as the General Director of Statistics and Labour, Prof. Giovanni Montemartini, observes in his preface to the volume of the enquiry, is fundamentally connected with the nature of the organizations, and the methods employed by those organized in their efforts for their improvement. The Catholic method, *par excellence*, to which the above Encyclical "Rerum Novarum" gave origin, for the solution of social conflicts, was to have been *mixed* organization in which the union of employers and employed in a given industry, "animated by the Spirit of Christian Solidarity," would succeed in overcoming the war of classes. But it has already been mentioned that in the 11th congress held at Rome in 1894 the necessity of *simple* organisations, formed exclusively of workmen, was recognised, and definitely adopted as the type at the Congress at Bologna in 1903. In fact their distinguishing characteristic in their contests does not consist in structural difference of organization, but in the special spiritual intention to be introduced into the struggle itself, and in the last congress at Modena in 1910, *Class Organizations of Christian tendency*, were spoken of, which should, as such, reject the principle of class war.

§ 3. *Geographical Distribution and Date of Foundation of the Organizations.*

Among the regions Lombardy has the greatest number of organizations, both industrial and agricultural, with a total number of 57,870 active members. There there are in fact 130 industrial organizations, 123 of which have 42,141 members in all, with a considerable prevalence of women (20,767 against 10,659 men), due to the organizations of textile industries; and even the 7,153 members of less than 18 years are chiefly girls. The provinces in which association is most developed are: Milan (10,708 members), Bergamo (9,232 members), Brescia (8,801 members), Cremona (6,141 members).

In Lombardy there are 44 agricultural organizations, 43 of them with 15,729 members; here men largely preponderate (11,166 against 3,308 women); the provinces in which the association of agricultural labourers is most considerable are Cremona, (10,065 members), Brescia, (2,394 members) and Milan (1,372 members), while Bergamo hardly supplies a single professional union of agricultural labourers.

In respect to the number of organized workmen Venetia comes next to Lombardy with a total of 18,950 members. In the industrial organizations there are 11,082 members, concentrated in the provinces of Vicenza (5,795 members) and Padua (3,395) and very few in the other provinces; in the agricultural there are 7,868 members, especially in the provinces of Verona (3,493), Padua (2,670) and Rovigo (1,338).

At a great distance come Sicily and Piedmont. In Sicily we find altogether 6,397 organized members, 4,669 in industry and 1,728 in agriculture ; there are only leagues in the provinces of Girgenti (2,721 members), Catania (1,684), Caltanissetta (1,253) and Palermo (739).

In Piedmont there are only 4,611 members ; almost all industrial (4,495), the greater number in the provinces of Turin (2,393) and Novara (1,867).

In the other regions the movement has been generally unimportant. (1) There is in Emilia a certain number of agricultural leagues, with a total of 4,347 members, 2,625 of them in the province of Ravenna, and 1,222 in that of Bologna ; there is a nucleus of organized agricultural labourers in the Marche, in the Province of Ancona, (3,939 members) ; and a small number of organizations in the province of Cosenza (Calabria) with 3,234 members, 2,182 agricultural and 1,052 industrial.

The dates of the foundation of the improvement organizations are given in the following table :

Dates of Foundation of the Improvement Organizations.

Year of Foundation	Organisations			Year of Foundation	Organisations		
	Industry	Agriculture	Total		Industry	Agriculture	Total
1894	1	1	2	1905	9	4	13
1897	1	—	1	1906	15	9	24
1898	1	—	1	1907	24	25	49
1899	1	—	1	1908	37	37	74
1900	4	2	6	1909	42	22	64
1901	27	16	43	1910	24	4	28
1902	16	14	30	Unknown	22	3	25
1903	5	1	6				
1904	5	2	7	Total . . .	234	140	374

(1) This distribution as far as industry is concerned, corresponds with the greater industrial concentration in the above mentioned regions.

Two periods of special activity in the institution of these organizations are to be observed, the first about 1901-1902, the second beginning about 1905 and becoming more and more marked up to 1908-1909. If the number of new organizations founded in 1910 appears to have diminished, that is due to the fact that the enquiry was closed at the end of 1909 and that since then the reports of new organizations have only been forwarded to the Labour Office irregularly. The small number of foundations in the period 1894-1900 is explained by the circumstance that at first the movement for the organization of Italian Catholics was limited to the mutual and co-operative institutes and was only recently extended to professional organizations of improvement.

§ 4. *Distribution of Members, according to Sex, Age and Profession.*

We must first of all distinguish between the active and the honorary members. The latter, found only in 42 out of the 374 improvement organizations reported, form an absolutely negligible quantity as compared with the first. There were in fact 797 industrial honorary members to 67,466 active or 1.18%, and 20 agricultural honorary members to 37,148 active, or 0.05%.

As to the active members, in the list of questions by means of which the data have been obtained, it was requested that they should be divided according to profession, and into men, women, and members of either sex under 18 years. But for 4,645 members out of the 104,614 reported, the sex and age were not given. Of the remaining 99,969 members, 53,860 were men, 35,841 were women and 10,268 members of both sexes under 18 years of age.

The improvement organizations were further divided into two large groups, according as they were composed of industrial or of agricultural labourers.

The labourers belonging to the first group were divided among 17 classes of industries and professions. The great majority of organized members we find engaged in textile industries, which give 33,402 or 41.51% of the total industrial members. Of these only 4,837 are men and 22,397 women; the 6,168 under 18 years of age may be also calculated as being in large part girls, therefore, there are much larger numbers of women than of men engaged in the textile industries, 22,397 in 29,871 or 74.96 % of the organized industrial women workers are engaged in such industry.

As already shown the textile organizations are chiefly concentrated in Lombardy, Piedmont and Venetia; outside these regions we only find 346 organizations in the Province of Pisa (Tuscany).

On the other hand, men are found in all classes of industry in varying proportion. Even in the case of the men, however, the largest group (4,837 members) is of employees in textile industries. Next comes the group of those engaged in extractive industries, 1,655 members, almost all in Sicily; the builders, 1,470, the largest groups of whom are found in Lombardy; the employees in metallurgical, mechanical, etc. industries, 1,334 members, also in Lombardy, especially in the Provinces of Brescia and Milan; in the wood and kindred industries, 1,424 members, among them 351 women, engaged in plaiting straw and basket work; and the clothing industries, 5,674 members, among them 3,367 women, these, too, chiefly in Lombardy.

Coming to the second group of improvement organizations, that is, to the agricultural, we find that for these it was required that the members should be classified in the return according to the following categories: shall landholders, small farmers, *métayers*, and day labourers, whether free, partly free or contract (*liberi*, *semi obbligati* and *obbligati*) day labourers (1). But in several returns this distribution was not made, the members being indicated simply under the generic head of peasants or some equivalent term; this was done in the case of 19,263 out of 37,148 members reported.

The largest group among the 17,885 members, the distribution of whom was given in the above 5 classes, is composed of *métayers*, 5,829 members, all men, the most important groups being found in Lombardy, in the Provinces of Brescia, Como and Cremona; in Venetia, in the Province of Verona; in Emilia in the Province of Ravenna and in the Marche in the Provinces of Ancona, and Pesaro-Urbino.

Next in importance is the group of free day labourers, 5,553 members, 3,276 men, 1,876 women and 401 under 18 years of age; of these we find the greater number in Veneto, especially in the provinces of Rovigo and

(1) This classification was adopted in the list of questions for the Enquiry of the Milan Humane Society, prepared by Prof. G. Lorenzoni. We reproduce the definition there given of the last three classes: "*Free labourers* are not bound to the employer by a contract for a long term, but arrange from day to day or week to week, or for special work and are paid by the day or the piece; *semi-obbligati* (partly free) labourers are not quite free, nor yet entirely bound; generally they arrange with the employer for the execution of work requiring time at a price below the normal wage: the master promises in return to employ them as labourers on wages in preference to any others and often gives them, besides their wages and other occasional sums, the enjoyment of a cottage and small garden: the chief difference between them and the *obbligati* (contract) labourers is that they are engaged in work in the open air and not in the farmyard or stables; *obbligati* (contract) labourers, called in some places "*famiglii*" (household labourers), an expression that includes them all, attend to the house work of the farm: the stables, farmyard, transport and cattle; they generally contract for a year and often live, and not seldom eat, in the farmhouse."

Verona and in the Province of Ferrara (Emilia). Then comes the group of *obbligati* and *semi-obbligati* labourers, with 2,768 members, almost all men, (2,482) ; who are found in largest numbers in Venetia (2,204 members) in the Provinces of Padua, Rovigo and Verona.

Of the unspecified labourers shown under the generic title of peasants the largest groups are found in Lombardy, 12,641 members, especially in the province of Cremona, 10,065 members, and in those of Brescia, 1,462 members, and Milan, 1,372; Venetia follows with 1,117 members in the province of Padua and 303 in that of Verona, and then Emilia, where there are 1,520 members in the Province of Ravenna.

§ 5. *Internal Organization of the Leagues.*

There are unions of labourers of a simple industry or profession and unions of labourers of various industries. Among the organizations reported we find 270 of the former and 104 of the latter . Amongst these the labourers are generally divided into sections or groups according to professions. And these subdivisions sometimes form in practice and by provision in the rules, independent bodies or distinct professional unions, with their own presidential boards, having for their object the protection of the specific interests of the individual professions. Sometimes the various professional groups do not form distinct sections within the organization, but more simply the members, distributed among the various professions, are represented and guided by the presidential or the general board of the organization.

The *professional sections* within the organizations which include workmen engaged in various industries are altogether 210.

The organizations have local sections resembling the above and composed of workmen resident in localities near the chief seat of the organization. In these categories we find the organizations of the labourers of a given industry extending over a whole province, and with several sections in various localities of the same. Like the foregoing, also these are at times really distinct groups with their own boards of management, more or less closely connected with the board of management of the principal organization. The latter, therefore, must approve all decisions, especially those regarding agitations, etc. Sometimes, again, they are only groups of members, due to the special distribution of organized members in certain regions, — especially in the case of agricultural members — but forming a single organization.

The whole number of industrial and agricultural organizations reported had 155 local sections.

And now let us speak shortly of the *managing*, *advisory* and *examining* bodies.

In almost all the organizations under consideration it is the members' general meeting that has the chief vote in reference to the aim and action of the body, in addition to which there are executive, advisory and examining bodies.

The general meetings are called to discuss all more important matters of general character ; they approve the report on the moral and financial position and appoint officers. Special principles are laid down in the rules of many of the organizations, for the meetings in which agitations, strikes or lawsuits against employers etc. have to be discussed and action has to be taken in regard to them.

The managing, executive or administrative bodies, referred to in the rules under various names : presidential board, board of management, general committee, executive commission, are generally chosen by the general meeting of members. Their functions are summed up in those of management, representation of members, administration, etc.

The advisory bodies may be divided into those for general assistance and for technical advice.

With regard to general assistance, it is to be observed that in very many societies (83) the office of *ecclesiastical assistant* has been created for the purpose and may be considered as a characteristic of these unions and a practical manifestation of that denominationalism we have already considered. The ecclesiastical assistant is a priest, generally appointed by the ecclesiastical authorities, with the duty of giving moral assistance to the organization and seeing that in its action it conforms to the spirit by which it was meant to be inspired. Among the general advisory bodies are also included the arbitration boards existing in certain organizations, whose duties are to supervise, investigate and finally decide in eventual disputes.

As to technical and especially legal advisors, in only a few cases do the rules provide for special officers, it being generally laid down that recourse should be had when necessary to lawyers.

The special advisory bodies are the *factory boards* or the *delegates of establishments*, or *workshops* contemplated in the rules of some institutes with the duty of informing the Presidential Boards or Boards of Management as to the conditions of the workmen in the separate establishments, to present in the name of the workmen proposals for improvement or amendments, to co-operate for the settlement of disputes, etc.

Finally as *examiners* we have the syndics or inspectors who supervise the financial management and audit the accounts.

§ 6. *The Finances of the Leagues.*

107 leagues, for which we have data furnished by the ir balance sheets, show a total revenue of 83,670 frs., an expenditure of 62,543 frs. and a capital of 79,964 frs.

68.29 % of the revenue is made up of the ordinary contributions of active members, the amounts of which vary for 9,036 members, from 20 to 50 centimes a year ; for 32,917 members from 50 centimes to 2 frs.; for 16,352 from 2 to 4 frs.; for 4,390 from 4 to 6 frs. and in the case of 1,839 members exceed 6 frs. 14 % of the expenditure is for propaganda ; 24 % for strikes and agitations ; 8 % for assistance to the unemployed and various other assistance ; 6 % for labour office work, 9 % for education and 36 % for expenses of administration.

§ 7. *The Work of the Workmen's Improvement Organizations.*

Having shown the purposes and means of action of the Catholic workmen's organizations, we shall rapidly consider their work.

1. *Settlement of Disputes; Agitations and Strikes.* — The work of resistance and of improvement of the organizations examined may be understood from the number and result of the strikes and disputes in which they have been involved. We see, in this connection, that 48,207 employees were engaged in 114 strikes, the results of 36 of which were favourable, of 37 partly favourable, of 5 adverse, and of 36 unknown, and further 78,856 employees were engaged in 175 disputes, 99 of which terminated in their favour, 59 partly in their favour, 6 adversely and the results of 11 are unknown.

Further from the history of 170 of the strikes and contests we learn the conduct pursued on these occasions by the Catholic organizations : they, in fact, as far as possible, agitate on *pacifc lines*, seeking first of all a friendly settlement of the dispute and, in case of demands made by the labourers they generally proceed to obtain them by means of regular conferences only having recourse to strikes as a *last available weapon* and providing for the tranquil course of the strike and its speedy termination by means of agreements, compacts, the intervention of arbitrators, etc. In case of strike, regular subsidies are generally granted to the strikers or the workmen obliged to abstain from regular work. Many cases have been observed in which Catholic and other organizations have both been involved ; in no case have the Catholic workmen's leagues or the workmen registered in them acted as blacklegs.

2. *Labour Offices.* — Of the 374 organizations of which we have returns 105 (68 industrial and 37 agricultural) occupied themselves with the recruiting of labour. But we have few data as to the work performed.

3. *Insurance against Unemployment and Other Forms of Thrift.* — Other action of the organizations under consideration, closely connected with their general aim of defence and improvement of the conditions of the workmen, is that of granting subsidies to the *involuntarily* and *compulsorily unemployed*, on the occasion of crises in labour, closing of works, dismissals not due to the men's own fault, etc. Subsidies for these purposes have been granted by 47 organizations, 41 of them industrial and 6 of them agricultural, on three principal systems; that is, either a right is established to fixed subsidies in accordance with contributions paid by members to this end (in 15 organizations); or there is the compulsory formation on the part of the members themselves of a personal thrift fund from which they have a right to subsidies in case of unemployment (in 6 organizations); or finally the members have a right to a subsidy from the funds of the organization, the proportion being fixed from time to time by the board of management (in 26 organizations).

But in the answers to the questions the amounts spent in this way by the leagues are not always given. 68 of them assigned 1,472 francs, to this purpose, in a total expenditure of 42,987 frs., that is 3.26 %.

In some organizations, in addition to the funds for resistance and for unemployment, there has also been instituted a *free* or *obligatory personal savings fund*, formed by the regular contribution of members, in order to habituate them to thrift and as provision for eventual urgent necessities. In others there are real *thrift banks* for *invalidity*, *old age* etc., or propaganda is carried on to induce members to register with the National Thrift Institute for Workmen's Invalidity and Old Age. There are special tariffs for the purpose. In others again special *rent funds* are formed with the members' savings, in order to place the workmen in a position to pay their rents regularly.

Work for the Promotion of Social Legislation and Education of Members.

The action for the Promotion of Social Legislation has been specially directed towards additional laws for the protection of labour, and supervision over their application. Let us mention, among other matters, the agitation in favour of Sunday rest, that for the election of the Arbitration Boards, etc. As concerns the education of members it is observed that 190 out of the 374 leagues arranged for instructive lectures. They have also largely developed both elementary and professional schools, as well as circulating or popular libraries.

In 30 organizations, finally, professional journals or journals of propaganda are distributed.

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As we have had occasion to remark the movement of the professional organization of Catholic workmen is not strictly limited to the above improvement organizations, as other workmen are organized also for the purposes of general improvement in economic co-operative and mutual institutions, and especially the agricultural labourers in rural co-operative societies, credit societies, etc., institutions in which we sometimes may see the nuclei of new professional organizations. These which are reported as altogether 578 in number, we shall deal with in a future article, thus exhausting the subject of the enquiry.

(To be continued)

II. — RECENT NEWS.

Miscellaneous Information.

I. — The Work of the "National Agricultural Committee" in 1911. — This Committee, founded in 1908, with its head quarters in Rome, has for its object the promotion of the study, the presentation and adoption of the legislative provisions esteemed necessary for the progress of the national agriculture. It is composed of Members of Parliament and all who adhere on invitation of the Board of Management. It has at present about 70 members and publishes a monthly Bulletin in which its undertakings are recorded.

In 1911 14 meetings were held in which the following bills (1) dealing with as many urgent questions, on each of which the Committee pronounced its opinion, were examined and discussed.

Measures for the protection of livestock improvement—for the silk industry—in connection with the sale of animals with defects—for forestry education—amendments to the forestry law and provisions for mountain agriculture and pasturage—reorganization of the practical agricultural schools, etc.

In these meetings the following subjects were also treated :

Parliamentary Action of the Committee—the State Monopoly of Agricultural Insurance—the Alcohol Monopoly—Measures to be taken against Epidemic Thrush—the Conditions of Alpine Pastures-Experimental Farms, etc.

The Committee also took part, in the course of the year, in almost all the agricultural congresses, being represented by members expressly sent to the congress of Small Proprietors and Peasants at Piadena, the Farmers' Congress at Porto Maurizio, the Congress of Sicilian Interests at Catania, the Congress of Co-operative Dairies and Agricultural Mutual Societies at Udine, the Congress of Italian Farmers and the Turin Forestry Congress, etc.

(1) Some of them have been recently discussed and approved in Parliament. We shall deal with them as early as possible in special articles.

Nor has it failed to exert its influence with the ministerial departments in favour of the *Agricultural Associations*, as often as its intervention has been requested, availing itself especially of the services of those of its members who are deputies. Thus, only to mention the more important matters, it intervened with the Agricultural Department in relation to the special staff of the experimental winemaking establishments; for the presentation for discussion in the Chamber of the bill for the protection of the trade in chemical manures; for the grant to the provincial societies concerned of adequate subsidies for more extensive experiments for the fight against the *mosca olearia*, etc.; with the Department of Home Affairs, for the Compilation of Veterinary Regulations; and with the Department of Public Works for the presentation to Parliament of a Law making Economic Provision for the Tuscan Maremma. Finally, it has concerned itself largely with the serious question of rural roads, inviting the Presidents of the Provincial Deputations to forward their recommendations to the Minister of Public Works. And he, adhering to their requests, has appointed a special Commission to prepare a special bill on rural roads; this Commission met on the 22nd. of last May, the Minister himself being present.

(Summarised from the: Report on the Work of the Committee in 1911. In *Bollettino del Comitato Agrario Nazionale*, Rome, No. 3, March, 1912).

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2. — Meeting for the Interests of Farmers in Connection with Railway Transport, Promoted by the Agricultural Comizio of Turin. — In a circular of April 25th, addressed to the agricultural comizi, the itinerant agricultural lecturerships, the agricultural consortiums, and other societies of Piedmont, the Turin Agricultural Comizio announced a meeting to discuss a scheme of proposals in connection with the railway transport of agricultural produce, to be submitted and recommended to the Government. The meeting, which was held on the 4th. of May, after full discussion of the important problem, passed a unanimous resolution that it is well to give in full, as it embodies the desires of a large number of Piedmontese agricultural associations:

“The Meeting, in view of the great importance of suitable railway arrangements for the interests of agriculture; while urging the Comizi, and agricultural organizations of every kind and the farmers themselves to the detailed study of the modifications required in the railway tariffs and service by the special conditions of each agricultural region of the country, in regard to the national and foreign markets, expresses the desire that:

(A) *With regard to tariffs :*

1st, a large number of *local* tariffs specially adapted to individual centres be established ;

2nd, that to the special tariffs a class be added including many agricultural articles of minor value, and another class introduced at the rate of '0412 frs. per ton per km. for phosphates and agricultural produce of less cost and greater weight or volume, allowing, if need be, of the introduction of slower transport than that of the present slow goods trains and a better utilisation of the railway plant.

3rd, that special rates be allowed to the *agricultural co-operative societies*, both for the farm requisites they sell to their members and for the agricultural produce they forward.

4th, that these societies be also allowed to group their consignments of goods for the same station, either in truckloads or in smaller quantities.

(B) *With regard to the service:*

1st, with regard to forwarding of goods.

(a) that it be provided that the loading and unloading be speedy, easy and cheap, and that storage costs date from the day on which the advice of the unloading of the goods reaches the consignee.

(b) that the farmers be assisted as far as possible in the despatch of their goods.

(c) that produce in small consignments, that is not complete truckloads, be forwarded and delivered with greater care and regularity, with simplification of the forms, as is the custom on economic railways.

(d) that notice be given as speedily as possible and at small charge of any delay or other difficulty in consignment and delivery of goods.

2nd, with regard to the trucks :

(a) that special trucks be introduced for certain goods requiring them, and especially a large number of refrigerating cars for carriage of meat, fruit, eggs, dairy produce, etc.

(b) that there be greater regularity and promptitude in their delivery, which should be compulsory, within a relatively short maximum term.

3rd. With regard to the trains.

(a) that very fast trains be introduced, or trucks attached to the fast passengers' trains, as far as this is possible, for the carriage of produce liable to suffer from the present ordinary means of transport.

(b) on the other hand, that very slow trains be introduced for slow delivery at reduced rates, the present slow goods trains being divided into medium and slow trains for the carriage of phosphates and agricultural produce of small value and great weight or volume.

4th, that agricultural parcels be introduced of the weight of at least 50 kg., with simplification of the forms for their delivery and return and extension of the obligation of their carriage to the secondary railways.

5th, that agricultural production be encouraged:

(a) by the institution of prizes, for the encouragement of early produce and other special produce of particular localities, for carriage of fruit, greens etc. in quantity;

(b) by promotion of shows of agricultural produce; and by rendering them more accessible

(c) by the partial substitution of the hedges protecting the railway lines by low mulberry trees to be hired out to private persons;

(d) by, as publicly as possible, speedily notifying in the stations the prices of the principal articles of agricultural produce on the large markets and on those nearest the stations in question, by placing at the disposal of the public, at least in stations of any importance, annual directories of national and foreign firms for purchase and sale, and the list of Italian firms abroad forwarded to the Ministerial Department by the consuls and diplomatic agents; rendering all the stations vehicles of information for the office of Commercial Information at the Department of Agriculture, Industry and Commerce, for the commercial museums, etc., and by any other means for which the railway service seems suited.

After the passing of this resolution, the President of the Turin Comizio was instructed to advise all the agricultural comizi of the kingdom of it, so that, it might be sent together with their approval to the General Management of State Railways for consideration.

(Summarised from *Economia Rurale*, Organ of the Turin Agricultural Comizio, Turin, No. 9, May 10th., 1912).

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3. — A Useful Initiative of the "Italian Winemakers' Club". — In order to contribute, in behalf of its members, to the solution of the difficult problem of the high cost of living, the Italian Winemakers' Club (*Circolo Enofilo Italiano*) with head quarters in Rome, has recently founded as a dependency a "Central Wine and Food Office", for the following purposes:

(a) to place the producers in direct relations with the consumers, as far as possible eliminating intermediaries, "and therefore a very important factor in the present high cost of living;"

(b) to sell goods on behalf of the producers, guaranteeing the genuineness of their brands and guaranteeing the consumers safe delivery;

(c) to promote the diffusion, the knowledge and the sale of the best wines and food stuffs of the kingdom;

(d) to supply the producers, with machinery, utensils, news, information, etc. and whatever they require for the exercise of their industry and their trade ;

(e) to enable even the humblest producers to get their produce known on the market of the capital with every moral guarantee and absolute financial security.

(f) to keep their offices at the disposal of the producers even for the temporary deposit of goods sent to Rome.

In order to realise the above ends, the Office, in addition to storing goods, keeps a permanent show of agricultural produce open to the public in special halls and, on the occasion presenting itself, will start a tasting room for the better facilitation of sales.

But the producers, who intend to avail themselves of the assistance of the office for the sale of their produce, must first of all be members of the Club ; secondly they must send samples of their produce which will be examined in order to ascertain their good quality. The Office will charge itself with the sale of the goods sent, using all commercial means suitable for obtaining a speedy and favourable result. On all bargains concluded it will receive a commission of an amount to be settled hereafter.

At the end of each year the best producers shall receive prizes ; awarded by a special Commission appointed by the Club itself. It will give certificates of first prizes and gold, silver and bronze medals. The greatest publicity will be given to the names of the prize winners and the list of them will be forwarded to all the Commercial and Agricultural Agencies in the Kingdom.

Registered members are bound to pay a monthly contribution towards the expenses of the Office, varying from a minimum of 10 francs to a maximum to be agreed upon, according to the nature and quality of the goods, the facility with which they can be placed on the market, the amount deposited, and the special clauses of the sale. Eventual disputes between the Office and the producers shall be settled by arbitration.

(Summarised from the General Regulations of the *Ufficio Centrale del vino e di alimentazione*).

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4. — **Co-operative Societies of Cesena and Bagnolo Piemonte for the Export of Agricultural Produce.** — In 1905, certain farmers of Cesena (Forlì) who were previously accustomed to sell their fruit, chiefly cherries, privately to local dealers, for exportation, in order to increase their revenue by elimination of middlemen, united in a co-operative society for the sale of their fruit. Thus, every member was forbidden to sell privately even the smallest part of his crop. In 1907, encouraged by the results of the first

two years' work, the Society attempted direct sale on foreign markets, with successful results. Now, for better working, it has constituted itself legally as a limited liability co-operative society, appointing a special commissioner for the conclusion of contracts abroad, with correspondents in various countries. Meanwhile it has extended its sales to include other produce, such as tomatoes, peaches, plums, pears and apples. In 1908 it attempted with success the sale of table grapes (1).

The chief foreign market of the Society is Berlin, and at no great distance come Munich, Hamburg, Cologne, Leipzig and Dresden.

The members deliver their entire crop to the co-operative warehouse and after the lapse of twenty days from the termination of all the work, consisting especially in the selection of the fruit for the home and for the foreign markets, settlement of accounts for the produce delivered is proceeded with. The amount paid to the Members, based on the prices received, is the net sum remaining after deduction for expenses incurred in the work, despatch and commission. An amount varying from 1 to 15 % is deducted for general expenses. The banking business is done by a local credit institute which pays orders presented by members.

The co-operative society has, finally, promoted the industrial cultivation of tomatoes, which is very well suited to the district, undertaking the sale of the produce to various jam factories, the foundation of one of which it is contemplating on its own account.

To this brief account of the work of this society, we think it advisable to add the figures for the cherry trade, which is its most important business:

Year	Number of Members	Shares (actions) 10fr. subscribed	Capital	Sold		Total Sales	
				Quantity	Net Amount	Quantity	Net Amount
			Frs.	Quintals	Frs.	Quintals	Frs.
1905	126	—	335.95	1,286.93	37,263.50	1,286.93	37,264.50
1906	146	—	4,460.64	2,693.00	63,484.66	2,693.00	63,484.66
1907	169	—	7,066.16	2,658.91	80,145.95	2,658.91	80,145.95
1908	517	618	13,246.16	2,346.93	77,299.24	4,483.42	109,253.90
1909	586	715	14,701.15	5,704.44	107,829.26	9,312.43	142,511.46
1910	613	770	15,251.15	3,421.60	97,118.31	4,954.34	110,203.03

(1) For information on this society see the pamphlet: *Come nacque e crebbe la nostra cooperativa, Società anonima cooperativa per l'importazione dei prodotti agrari (How our Limited Liability Co-operative Society for the Export of Agricultural Produce began and progressed)*. Cesena, G. Vignuzzi. 1911.

The origin of the Co-operative Society of Bagnolo Piemonte (Saluzzo) for the Preservation and Export of Fruit was similar to that of the above society. It was founded May, 1911 (1). Here the chief produce is apples, the annual harvest of which is about 200 thousand quintals. Before the foundation of the society, the owners sold the fruit on the trees to dealers at a price varying from 4 or 5 to 10 or 12 frs. the quintal, while, the exporters commanded much higher prices on the markets, for table apples from 25 or 26 frs. to 150 or 160 frs. the quintal. It was just this great difference in the price of production and consumption, due to the greedy speculation of many middlemen, that urged the farmers to unite in societies for collective sale with the support of the local rural bank; which was ready to furnish the required capital. In its first year it was possible thus to obtain and export 40,000 quintals of apples, paying the producer from 8 to 23 or 25 frs. the quintal, and selling on foreign markets the ordinary fruit at 50 or 60 frs and the best fruit at 150 or 160 frs. As we see, the original purchase price is doubled. In its first balance sheet this society showed credits of 891,009 frs. and debits of 857,679 frs. and therefore a net profit of 33,330 frs.

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5.—Some Information as to the Progress of Collective Farming.—Collective farming, one of the most important forms of agricultural co-operation, is continually extending in Italy, and examples are not wanting of societies that proceed to the purchase of land. Thus recently the Co-operative Society of S. Vittoria (Reggio Emilia), often taken as a model by similar organizations, and having about 800 members, men and women, purchased a large estate of about 350 hectares, well irrigated, and provided with shelters for 400 beasts, a dairy for treating more than fifteen quintals of milk a day, a mill, as well as a yard for drying grain, warehouses and convenient roads to the farm. The Society is limited by shares (*actions*).

Further, in the Province of Ravenna, at the beginning of 1911, there were 21 collective farms. The total area of the land cultivated was 1,610 hectares. In the course of the year a first experiment was made in farming collectively three farms of a total area of 25 hectares.

Another collective farm was started on June 23rd., 1911 at Adernò (Catania), by the "Adranitic Agricultural Co-operative Society; the area of this farm is 450 hectares and it is to be divided in lots among the members who are now 216.

(Summarised from the *Giornale di Agricoltura della Domenica*. Piacenza, no. 7, 1912.

(1) See *Cooperazione Popolare*, Parma, Nos. 2-3, February 15th, March 15th., 1912.

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6.—“ Union of Co-operative Societies of Latium ” (*Consociazione laziale delle Cooperative*). — There has been recently founded a Union of 28 Co-operative Societies of Rome, Frascati, Tivoli, Viterbo etc., for the purpose, according to the first article of its rules, of co-ordinating, protecting the interests and perfecting the organisation of the Co-operative Societies for Production and Labour in Latium. The Union is administered by a Committee of nine members elected for three years and managed by a meeting, to which each co-operative society sends two members.

(Summarised from the *Bollettino dell'Ufficio del Lavoro*, Rome, No. 6, June, 1912).

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7.— Prize Competition among Private Persons and Associations for Works of Land Reclamation. — The advisability being recognised of promoting works of land reclamation as well as of drainage in malarial regions not provided for by special laws, a Royal Decree of May 23rd., 1912 has opened a prize competition among private landowners, tenants on long lease, and tenant farmers, associations and consortiums and corporate bodies of the Provinces of Naples, Salerno, Avellino, Campobasso and Benevento, that have carried out or begin to carry out on their farms in regions recognized as malarial, between the 1st. of August, 1912 and the 30th. of June, 1914, the following works :

(a) Drainage and improvement of the health conditions of land;
(b) Reclamation of land (there being necessarily included the provision of drinking water, building of dwellings or shelters for agricultural labourers and for cattle, on suitable hygienic principles, and the adoption of suitable methods of cultivation).

(c) Defence against malaria and antimalarial provisions continuously carried out.

The following prizes are at the disposal of the Committee of Judges appointed by the Minister of Agriculture :

- 2 certificates of merit together with two thousand francs each;
- 4 gold medals and 1,500 francs each;
- 5 silver medals and 1,000 francs each;
- 8 silver medals and 500 francs each.

The Committee of Judges may propose additional prizes in certificates and medals.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, No. 14, June 22nd., 1912).

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8. — Prize Competition, Naples Royal Institute for Encouragement. — This Institute has recently (April 30th., 1912) opened a competition for a prize essay :

“ To show the industrial and economico-agricultural conditions of the mountain pastures of a definite district or region of the Southern Mainland of Italy, the kind of livestock improvement there carried on and the industries in connection with it. To suggest alterations and improvements to be introduced with regard to the land, the livestock and the above industries, in order that they may give the best returns. ”

In developing the theme, not only should there be kept in mind the attempts at improvement already begun or completed in the region under consideration, but also the studies, enquiries and labours carried out in other Italian provinces and even also abroad. The problems of mountain pasturage must also be treated in their relation to forest economy and the legislation dealing with this and mountain pasturage. Finally, account must be taken of proposals for improvement both of the conditions of property and usufruct of pasture land and especially of the existence and extension of the Communal domains and of the relative legal uses. The author of the memoir, considered to have gained the prize, will receive the sum of 1,500 francs.

(Summarised from the *Bollettino del Ministero di Agricoltura, Industria e Commercio*
Rome, No. 10 (Series B). May 15th., 1912).

III. — BIBLIOGRAPHY.

Publications of Recent Date Relating to Co-operation and Association.

(a) *Publications of the Associations.*

- Acts of the Royal Encouragement Institute, Naples MCMXI, 6th series, Vol. L, XIII of the Acts. Naples 1912, Co-op. Press.
- Cantina Sociale di Torrazza Coste (*Co-operative Wine Society of Torrazza Coste*): Report 1910-1911; 3rd working year. Voghera, Printed by L. Gavi, 1912.
- Agricultural Co-operative Consortium of Arezzo. Report of the Board of Management for the Year 1911. Extract from the *Agricoltura Toscana*, Florence, "Stab. Tip. Minori Corrigendi," 1912.
- Agricultural Co-operative Consortium of Ascoli-Piceno. Report of the Presidential Bureau and the Syndics. Working year, 1911. Ascoli-Piceno, Economic Press, 1912.
- Rimini Agricultural Co-operative Society: Report of the President on the 9th Working Year: 1st. August, 1910—31st. July, 1911. Rimini, G. Benzi, 1912.

(b) *Other Publications:*

- ANDERVOLTI A. Relazione del Comizio Agrario di Spilimbergo Maniago (*Report of the Agricultural Comizio of Spilimbergo-Maniago*, two years 1910-1911). In "Bollettino della Associazione Agraria Friulana", Udine, May 13th., 1912.
- BASSI, adv. ERCOLE. Circa l'imposta di ricchezza mobile in relazione alle latterie sociali (*The Income Tax in relation to Co-operative Dairies*). In "Bollettino della Associazione Agraria Friulana," Udine, May 15th., 1912.
- BORDIGA, Prof. ORESTE: Le ragioni del deficiente movimento co-operativo meridionale (*The Reasons for the Deficient Co-operative Movement in the South*). In "Rivista Agraria," Naples, no. 21, May 26th., 1912.
- CASTELLARI, Dr. GIUSEPPE: Cenni sulla cooperazione e sulla produzione agraria nella Frasceta Novese (*Notes on Co-operation and Agricultural Production in the Frasceta Novese*). In "Agricoltura Italiana," Pisa, No. 10, May 31st., 1912.
- CUTORE, Dr. GIUSEPPE: La Società Agricola Co-operativa Adranita nel primo biennio di attività (*The Agricultural Co-operative Society of Adrano in the first Two Years of its Life*).
- GOBBATO C.: Le Società Co-operative di produzione in rapporto con l'agricoltura (*Co-operative Societies for Production in relation to Agriculture*). Conegliano, Stabilimento d'Arti Grafiche, 1912.
- MONDINI SALVATORE: Relazione sulla Mostra delle Novità Agrarie (*Report of the Show of Agricultural Novelties*). Rome, April 11th-12th., 1912. Italian Farmers' Society. 9th Series, No. 3, Rome, 1912. Press of the Publishing Union.
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CO-OPERATION AND ASSOCIATION

SWITZERLAND.

I. — RECENT NEWS.

I. Legislation and State Intervention in regard to Agricultural Organizations.

1. — **Subsidies Granted to Agricultural Societies in 1911.** — The credits granted in 1911 in behalf of Agricultural Societies have been utilised for payment of the following expenses.

(a) *Swiss Agricultural Society.*

	Fr.
1. Agricultural Courses and Lectures	12,500.00
2. Distribution of Agricultural Publications at Reduced Price	2,555.60
3. Encouragement of the Improvement of Cultivated Plants	4,851.75
4. Encouragement of the Dairy Industry	1,027.05
5. Encouragement of Arboriculture	2,131.85
6. Encouragement of Pig Improvement	438.40
7. Encouragement of Goat Improvement	2,104.20
8. Encouragement of Poultry Improvement	1,741.15
9. Encouragement of Bee Keeping	1,800.00
10. Encouragement of Rabbit Improvement	850.00
	<hr/>
	30,000.00

(b) *Federation of Agricultural Societies of Latin Switzerland:*

	Fr.
1. Agricultural Courses and Lectures	2,339.10
2. Distribution of Agricultural Publications at Reduced Price	2,797.35
3. Inspection and Assistance of the Cheese Factories	3,800.00
4. Assistance to Special Farms and Cultivation	5,574.87
5. Encouragement of Beekeeping	625.00
6. Servants' Competitions	315.00
7. Encouragement of Poultry Improvement	200.00
8. Encouragement of the Improvement of Cultivated Plants	574.00
9. Local Shows (Courtelary)	620.00
10. Working Expenses	154.68
	17,000.00

(c) *Agricultural Society of the Canton of Ticino.*

	Fr.
1. Agricultural Courses and Lectures	152.75
2. Distribution of Agricultural Publications at Reduced Price	859.87
3. Encouragement of the Dairy Industry	529.95
4. Encouragement of Arboriculture	1,036.92
5. Show of Agricultural Machinery	1,106.05
6. Improvement of Alpine Pastures	415.80
7. Poultry Breeding	311.00
8. Encouragement of Agricultural Bookkeeping	106.00
	4,518.34

(Federal Subsidy : 4,500 frs.)

(d) *Swiss Society of Alpine Economy.*

	Fr.
1. Courses and Lectures	4,988.80
2. Alpine Statistics	677.80
3. Inspection of Alpine Pastures	1,797.30
4. Publications on Alpine Economy	1,559.65
	9,023.55

(Federal Subsidy : 9,000 francs).

(e) *Swiss Horticultural Society.*

	FRS.
	—
1. Courses and Lectures	8,546.00
2. Publications for Libraries and Collections	1,470.84
3. Model Gardens and Prizes	7,418.24
	17,435.08

(Federal Subsidy : 9,500 francs)

A federal Subsidy of 25,000 francs was paid to the Swiss Peasants, Union for the Agricultural *Secretariat* and another of 15,000 francs for an enquiry into the yield of farms, altogether an amount of 40,000 francs.

(Summarised from the "*Feuille Fédérale Suisse*" No. 14, Vol. II, 1912).

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2. — **Subsidies in Encouragement of the Foundation of Livestock Improvement Syndicates.** — In 1911 twenty two livestock improvement syndicates obtained federal subsidies for their initial expenses: The total amount of these subventions was 5,950 francs. The Syndicates were divided as follows, according to canton: Berne 1, Lucerne 1, Schwyz 1, Obwald 1, Zug 1, Fribourg 2, Soleure 1, Appenzell-Rh. ext. 4, Appenzell - Rh. Int. 1, St. Gall 1, Grisons 5. Thurgau 1, Ticino 1, Vaud 1.

(Summarised from the "*Feuille Fédérale Suisse*". No. 14. 2nd. Vol. 1912).

2. Work of the Federations, of the Central Institutions of Co-operative Societies and the Large Agricultural Associations.

(A) FEDERATIONS AND CENTRAL INSTITUTIONS OF AGRICULTURAL ASSOCIATIONS.

I. — The Federation of the Agricultural Co-operative Societies of Eastern Switzerland (*Verband ostschweizerischer landwirtschaftlicher Genossenschaften*), with headquarters at Winterthur, held its general meeting at Winterthur on the 30th. of last June. This meeting was of special importance, as it celebrated the 25th. anniversary of the foundation of the Federation.

In its first year (1887) it only federated 27 societies with 1,283 members. There are now 169 affiliated societies with 13,566 members.

At first the Federation busied itself with the purchase for its members' account of a very limited number of farm requisites, such as, manures, and artificial cattle foods, seeds and agricultural implements, besides coffee, sugar and soap.

Its work was limited to that of an agency. Gradually the purchase and sale department was enlarged and better organized, after a severe struggle with the merchants who saw their interests threatened.

Every affiliated society became a branch for sale, not only of agricultural material but also of articles of consumption properly so called. The work was completed in 1891-1892 and the results appear from the following data :

Year	Number of Affiliated Societies	Number of Members	Total Business Done Frs.
1887	27	1,283	257,233
1891	56	3,428	342,796
1896	101	7,320	2,731,536
1901	124	8,409	3,303,901
1906	145	10,490	5,614,284
1911	169	13,566	9,174,393

An analysis of the figures for the business done in goods shows us that the sales were as follows :

Year	Manure frs.	Cattle foods frs.	Seeds frs.	Articles of Consumption frs.
1887	181,860	—	12,682	62,691
1891	243,725	15,200	20,663	63,208
1896	350,589	237,150	48,301	2,095,496
1901	492,095	304,990	92,616	2,414,200
1906	552,131	721,954	97,850	4,242,349
1911	819,440	1,978,465	197,615	6,178,843

As we see, the largest amount of business was done in articles of direct consumption, and has increased very considerably since 1901.

The amount of business done in articles of consumption was made up as follows :

Year	Hardware frs.	Cloths, frs.	Flour frs.	Wine frs.	Fruit frs.
1901	259,397	357,540	87,506	105,464	8,218
1903	260,784	344,794	250,461	228,523	87,180
1905	316,881	435,797	288,624	253,642	51,580
1907	377,009	541,188	376,272	356,831	66,103
1909	399,567	616,602	479,504	309,726	152,116
1911	540,097	706,535	53,953	481,409	88,492

We have given in some detail the data relative to the sale of articles of consumption, because, as we know (see Bulletin of Economic and Social Intelligence, Year II, No. VIII. pp. 53 et seq.) also other Federations of Agricultural Co-operative Societies, seeing the good results obtained by that of Winterthur, design to undertake this branch of business so as to render articles of first necessity and daily requirement cheaper for the agricultural population.

The Federation has a large palace of its own and extensive modern plant (mills, presses, cellars, coffee-roasting machines, etc.). Its financial conditions are good. The reserve fund has increased each year (since 1896) by 10,000 francs and is now 180,000 frs. The bonus distributed by the Federation to the affiliated societies on the basis of their purchases is considerable. The total amount repaid as bonus for purchases of artificial manure between 1887 and 1911 was 525,767 ; for other goods 1,150,566. These bonuses, which must not be confounded with those granted to members by the separate societies, are annually paid in the form of bonds, of 10 years' maturity ; in the mean time they bear interest at $4\frac{1}{2}$ %.

(Summarised from "Der Genossenschaftler" No. 26, 1912).

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2. — The Federation of Co-operative Livestock Improvement Societies of Simmental (*Verband der Simmentalerviehzüchter-Genossenschaften*) in the Canton of Zurich has founded an establishment to promote the improvement of livestock and facilitate for the members of its affiliated societies the sale of their cattle.

In particular, the objects that this institution (*Zuchtvieh-Verkehrszentrale*) proposes to itself are as follows :

(a) generally to promote the improvement of the pure Simmental breed ;

(b) to protect and forward the interests of the affiliated societies ;

(c) to organize purchase and sale of cattle for members and to act as intermediaries between buyers and sellers.

The establishment displays its activity in accordance with regulations exactly determining its sphere of action, running as follows :

(1) The establishment may only occupy itself with livestock of very pure and perfect breed.

(2) For this purpose the boards of management of the various societies receive forms on which the animals intended for sale are registered. The form must bear the signature of the keeper of a pedigree book of an affiliated society. Only on that condition will the establishment undertake sale.

(3) The affiliated society and its board of management are bound personally to assure themselves that the animal offered for sale possesses the required character.

(4) for all information given (extracts from the pedigree book, statements of prizes received etc.), the keeper of the pedigree book is legally responsible.

(5) In the case of each animal offered for sale by the establishment, the party concerned must pay a charge of 1 fr. and after sale hand over 1/2 % of the price.

(6) The establishment is managed by a manager chosen by the Board of Management of the Federation, which supervises him and fixes his salary.

(7) The establishment must keep in relation with buyers at home and abroad, and supervise the trade in animals produced by its affiliated societies.

(8) The establishment offers the livestock in public lists. The offer remains on the list until the animal is sold. The seller is bound to advise the establishment immediately on conclusion of the sale.

(9) Members in any way infringing the above conditions and provisions must be denounced to the Board of Management of the Federation, which shall take suitable action against them.

(Summarised from "*Zürcher Bauer*", No. 1 1912).

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3. — **Federation of Syndicates for Improvement of Small Livestock in the Canton of Fribourg.** — The above federation is of recent foundation. Its constitution, according to the rules approved in its meeting is as follows :

RULES

OF THE FEDERATION OF SYNDICATES FOR IMPROVEMENT OF SMALL LIVESTOCK IN THE CANTON OF FRIBOURG.

Article 1. — The syndicates of the canton of Fribourg occupied with the improvement of small livestock have united in a society bearing the name of "*Federation of small Livestock Improvement Syndicates of the Canton of Fribourg.*"

This Society, established for an unlimited period, aims at protecting and promoting its own interests, both in Switzerland and abroad, encouraging the improvement of small livestock and propagating the idea of improvement syndicates. For this purpose, it shall organize importation and markets with shows of breeding stock.

The Association shall not aim at making profits.

Article 2. — The Federation shall have its head quarters at Zurich.

Article 3. — Every small livestock improvement syndicate, recognised by the State, shall be a member of the Federation and shall have a right to a vote in all discussions.

Article 4. — The funds of the organization shall be made up by members' contributions, subsidies, and various receipts. The annual subscription of each syndicate shall be fixed at the General Meeting.

Article 5. — The executive bodies of the Federation shall be :

- (a) The Meeting of the Delegates of the Syndicates ;
- (b) The Committee ;
- (c) The Board of Management and the Manager ;
- (d) The Commission of Auditors of Accounts.

Article 6. — The delegates' meeting shall assemble once a year to approve the manager's report and to pass the accounts, and for decisions to be taken in all business in which it is concerned. The delegates may assemble in special meeting whenever circumstances demand it and if $\frac{1}{3}$ rd of the number of the syndicates desire it.

Article 7. — The meetings shall be assembled by circular and all notices concerning the Federation and the syndicates shall be inserted in the *Chronique d'Agriculture*.

The decisions of the delegates' meeting shall also be published in the *Chronique* or brought to the notice of the syndicates by means of circulars.

Article 8. — The Committee shall be composed of seven members and shall elect its own members.

The Committee shall be appointed either by show of hands or by ballot. This second method shall be adopted when demanded by $\frac{1}{3}$ rd of the members present. Any member may be reelected.

The Committee shall be entrusted with the management of the Federation, in conformity with the provisions in the rules. The President and his substitute and also the Secretary may sign for the society.

Article 9. — The Presidential Bureau shall be composed of the President, Vice-president and Manager. The latter shall be entrusted with the discharge of ordinary business in conformity with the decisions of the meeting of delegates and the Committee. The manager shall be appointed by the Committee. His duties may be defined by a special regulation. If the manager is not a member of the Committee, in any case, he may attend the meetings and have a right to speak though not to vote.

Article 10. — These rules are to-day adopted by the meeting. They shall be inserted in the minutes of the meeting and printed in order to be sent to all the syndicates concerned.

Fribourg, March 2nd., 1912.

(Summarised from the "*Chronique de l'Agriculture et de l'Industrie laitière*", No. 9 1912).

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4. — The Swiss Goat Improvement Federation (*Schweizerischer Ziegenzuchtverband*), which held its annual meeting last March, has 3,415 members. Its balance sheet for 1911 showed total receipts of 3,718.26 frs. and expenditure of 3,005.95 frs.

It was found that the work of propaganda by the Federation in favour of goat improvement has given excellent results: while a few years ago the farmers took no interest in goat improvement, now they occupy themselves in it with advantage.

(Summarised from "*Der Schweiz. Kleinbauern*" [Organ of the Federation], No. 7, 1912).

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5. — The North-East Switzerland Federation of Co-operative Societies for the Production of Milk and Cheese (*Verband Nordostschweizerischer Käserei- und Milchgenossenschaften*), has 346 affiliated societies, 44 more than

last year, and 9,004 members with 38,585 cows; in addition there belong to it 137 private producers with 1,198 cows.

In 1911 it did a total business of 10,660,000 francs as compared with 3,000,000 in 1910. The capital of the Federation is now 200,000 frs.

The Federation last year made very important contracts for wholesale supply of milk on the markets of Zurich, Winterthur and Schaffhausen, selling the milk of 102 societies and 30 producers.

It realised very good prices, milk for consumption increasing in price by 2 frs. per 100 kg. Also milk for cheesemaking showed an appreciable rise in price.

The meeting of delegates of the Federation held last March at Winterthur decided that the co-operative societies should use a uniform type of contract in arranging for supply and should submit such contracts to the Federation for ratification. The minimum price of milk for consumption was fixed at 21.50 frs.

(Summarised from the "*Zürcher Bauer*", No. 14, 1912).

(B). — LARGE AGRICULTURAL ASSOCIATIONS.

1. — **Swiss Peasants' Union.** — This union groups together 24 affiliated organizations, which have altogether 151,478 members, an increase of 7,091 members, as compared with last year.

The affiliated organizations are the following :

	Members
1. Swiss Agricultural Society	49,606
2. Federation of the Agricultural Societies of Switzerland	23,064
3. Ticino Agricultural Society	2,963
4. Swiss Society of Alpine Economy	1,000
5. Federation of the Agricultural Co-operative Societies of East Switzerland	12,500
6. Federation of the Agricultural Co-operative Societies of the Canton of Berne	13,400
7. Federation of the Agricultural Co-operative Societies of Central Switzerland	3,600
8. Federation of the Agricultural Co-operative Societies of the Canton of Soleure	2,000
9. Agricultural Co-operative Society of Worb . . .	131

	Members
10. Swiss Federation of the Syndicates for Improvement of the Brown Breed of Cattle.	7,520
11. Swiss Federation of Syndicates for the Improvement of the Red Spotted Breed.	7,054
12. East Switzerland Federation of the Syndicates for the Improvement of the Simmental Breed. . .	1,200
13. Swiss Federation of the Syndicates for the Improvement of the Black Spotted Breed.	441
14. Bernese Federation of Cheesemaking Societies. .	2,000
15. Federation of the Cheesemaking and Dairy Societies of North East Switzerland	8,100
16. Federation of Cheesemaking and Dairy Societies of North West Switzerland	4,400
17. St. Gall Federation of Cheese factories	1,000
18. Aargau Federation of Dairies and Cheese factories.	2,340
19. Thurgau Federation of Cheese Factories.	2,000
20. Federation of Vaud-Fribourg Dairies.	4,424
21. Basle-Country Peasants' and Workmen's League.	1,000
22. Aargau Peasants' League.	1,000
23. Swiss Federation of Subordinate Forestry Employees.	650
24. Horticultural Association of Vaud.	75

The Union has occupied itself with general questions of agricultural interest, such as the prohibition of the making of manufactured wines, epidemics of contagious disease, insurance, the Government regulations for the supply of the army, the customs duties in frozen meat, the elections to the National Council, shows, etc.

The Union has continued the publication of a review of the market in the principal journals, including two of Latin Switzerland, which already, is excellently informed upon market prices.

The report dealt at length with the foundation of the limited liability society for export of cheese, which the Union fully supports and which has been of great utility to the cheese manufacturers of Switzerland.

The "Paysan Suisse," the organ of the Union, has developed considerably, with an average circulation of 77,730 in the German edition and 19,830 in the French. An examination of the accounts shows that the private contributions towards the work of the Union amounted to 35,000 frs. in 1911.

(Summarised form the Report of the *Union Suisse des Paysans*, published by the „Swiss Peasants' Secretariat, No. 42, Berne, 1912).

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2. Swiss Agricultural Association (*Schweizerischer landwirtschaftlicher Verein*). — This association has 58,000 members in various affiliated societies, of which the largest, the agricultural association of the Canton of Zurich, has 9,300 Members.

At the recent meeting of delegates there were 100 present. The balance sheet showed a total business of 504,845 frs.

The meeting occupied itself extensively with the application of the law on insurance and with the organization of milk producers.

The association has been extremely active in the diffusion of news of technical agricultural character: through it 3,826 printed works have been purchased by farmers for the sum of 6,809 frs.

It promoted 424 lectures and 166 courses of instruction.

This institution receives an annual federal subvention of 30,000 frs.

(Summarised from: *Der Landwirt*, No. 21, 1912 and: *Der Zürcher Bauer*, No. 24, 1912).

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3. — Federation of the Fribourg Agricultural Society. — This Federation held its annual meeting at Bulle on the 3rd. of last June.

Of its 43 affiliated societies, 36 were represented. We must note that the 23rd. article of the rules of the Federation says: The ordinary session of the delegates' meeting must be held at least once a year. Representation at this meeting is *obligatory* for all the sections; each must be represented by at least one delegate. Any section not represented shall be liable to a fine of 5 frs.

We shall give here some data on the working of this Federation, taken from the "Report of the Committee."

On December 31st., 1911, the Federation was composed of 43 sections or affiliated societies against 42 at the end of the preceding year. The number of members in the 43 sections was 9,512, showing an increase of 926 in 1911.

The co-operative action of these societies continues satisfactory, since purchases of goods were made in 1911 to the amount of 2,548,638 francs, showing an increase of 745,953 francs on the previous year.

The accounts for 1911 show frs. 11,040 credits and frs. 3,668 debits, leaving a net credit balance of 7,372 frs. against 9,733 frs. in the previous year.

The Federation receives a State subvention of 10,500 frs.

(Summarised from the *Chronique d'Agriculture et de l'Industrie laitière*, No. 12, 1912).

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4. — **The Federation of the Romance-speaking Agricultural Societies.** — This Federation held its yearly meeting last May at Neuchâtel. All the principal societies of Neuchâtel, Vaud, Fribourg, Geneva, Valais and the Bernese Jura were represented.

MM. Petteval and Droz, Councillors of State ; Oyez Ponnat, Councillor of State and Head of the Department of Agriculture of Vaud; Dr. Laur, Secretary of the Swiss Peasants' Union, and others attended the meetings.

After the regular business, especially the passing of the accounts, which showed a credit of 8,938 frs., the meeting dealt with an important question concerning the control of the wine trade and the examination of the federal ordinances that must of necessity precede the coming into force of the law against manufactured wines.

After a lively discussion the meeting passed the following resolution :

"The meeting of the delegates of the federation of the Romance-speaking agricultural societies invites the committee to watch that the interests of the Romance-speaking wine farmers be protected, at the revision of the orders concerning the trade in foodstuffs.

It expresses its desire that, in their interests, no change be made in the regulations relating to the sweetening, mixing, etc. of wines."

(Summarised from the *Chronique de l'Agriculture et de l'industrie laitière*, No. 11, 1912).

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5. — **Club of the Farmers of the Canton of Geneva.** — This club recently held its general meeting attended by about 70 delegates.

The president, M. J. Debonneville, presented a report on the work of the Committee.

The year 1911 was the tenth of the Central Agricultural *Secretariat*. There is reason for congratulating the association on the work hitherto done. The spirit of solidarity and union has been very extensively promoted ; the same may be said for the spirit of association, since in 1911 there were several new associations founded.

The number of the members of the club is 1,022 showing an appreciable increase on that of last year.

The General Agricultural Milling Society, the last society founded by the Club has given satisfaction to the farmers who have subscribed more than 1,100 shares (*quotes parts*). A large number of competitors is announced for the prize orchard competition organized for 1912.

The committee is now occupied with the building of a storehouse for goods and agricultural instruments. at Lacomex; the State gives its support to this new institution long desired by the farmers.

As in the past, the greatest activity of the Office and the Secretariat has been displayed in the department of commercial operations.

The members of the club were supplied with :

680,319 kgs.	of compost	}	79,580.05
241,144 "	of artificial manure		
185,341 "	of oilcake	}	51,313.00
154,126 "	of cereals and flour		
82,250 "	of denatured salts		5,678.85
19,071 "	of sulphur		3,810.15
43,500 "	of coarse sugar		22,897.30
22,728 "	of sulphate of copper		12,655.00
58,500 "	poles of various kinds		2,892.50
Machinery and implements			18,498.95
Books and Magazines			250.00

The State distributed to all the farmers of the Canton :

107,861 kg.	of sulphate of copper	51,025.00
394,000 "	potatoes	57,000.00

The proceeds from the knacking establishments, exclusive of manure, were 8,136.60

Total business done 353,368.35

(Summarised from the *Journal d'Agriculture Suisse*. N°. 18, 1912).

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6. — **Delegates' Meeting of the Peasants' Association of the Canton of Lucerne** (*Bauernverein des Kantons Luzern*). — This meeting deliberated on the foundation of a *Legal Information Office*, in the association itself. The matter had been referred to a committee, which presented its report. In conformity with this the following resolutions were adopted :

(1) A Legal Information Office for the Use of Members shall be instituted.

(2) Information shall be given gratuitously; if, however, it become a heavy charge in the accounts, the presidential board shall impose a tax on all information given.

(3) Three distinguished lawyers have already promised to give their assistance at a low rate paid by the association.

(4) The most important items of information shall be published in the organ of the society (*Landwirt*).

(Summarised from the *Landwirt*, N°. 15, 1912).

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7. — **Agricultural Association of the Canton of Schaffhausen.** (*Kantonaler landwirtschaftlicher Verein Schaffhausen*). — This association held its annual meeting last May. It has 25 affiliated associations. It did a total business of 150,000 frs. in purchase and sale of agricultural material, on which it realised considerable profits. These were distributed as follows: $1\frac{1}{2}$ % of the amount of the purchases made were returned to the affiliated associations; 5,000 francs were invested in purchase of shares (*quotes parts*) in the Cantonal Federation of Co-operative Societies; 900 fr. remained in hand.

The association in agreement with the cantonal agricultural association of Thurgau has decided to prepare a form for the guarantee to be given when cattle are sold, and to get it adopted by the parties concerned.

(Summarised from *Der ostschweizerische Landwirt* N^o. 19, 1912).

3. Miscellaneous Information.

(A) — AGRICULTURAL CO-OPERATION.

1. — **The Organisation of Forest Proprietors.** — In Switzerland, as in Austria (See Bulletin, year III, No. 5. pp. 3 et seqq.), forest proprietors feel the necessity of organization in order to derive a larger profit from the production and sale of their wood, the profit from which at present goes to the dealers.

As long as the price of this article was established naturally, in conformity with the economic law of demand and supply an organization of forest proprietors was not indispensable. But, as we know, the dealers have themselves organized and by mutual agreements regulate prices artificially, so that the wood producer has no other course open but to sell at the prices fixed by the dealers or give up doing business.

On the other hand, it does not suit individual forest proprietors to send small consignments of wood to the market, and so, in consequence of the excessive expense of transport, a part of the wood that might be used for industrial purposes is consumed as fuel and sold at a very low price.

If the forest proprietors were to organize, these difficulties would disappear : in fixing prices they would not be at the mercy of the dealers and besides might forward their wood in large quantities to the market ; the expense of transport would be considerably diminished and there would be a certain profit.

In addition, organisation might have its influence in changing the method of measuring the wood. At present the wood is measured with the bark, and the buyer usually rounds off the fractional centimetres to his advantage. This means a loss for the seller of from 5 to 10 % according to the thickness of the tree. If the tree is measured without the bark, the measurement is quite exact.

The individual forest owner cannot resist such extortion, but an organization of forest owners can.

The forest owners of the Bernese lake district are initiating a movement in this direction and proceeding to form a co-operative society for the sale of wood.

(Summarised from the *Schweiser Bauer*. Nos. 27 and 29, 1912).

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2. — **Geneva Horse Syndicate.** — Last May a new agricultural society was formed, the Geneva Horse Syndicate. Its object is to favour the breed of draught horses.

The constituent assembly, organized by the Geneva Farmers' Club, assembled under the Presidency of M. J. Rochaix, head of the Agricultural Department, who, after a brief exposition of the regulations of the Confederation for the Improvement of Horses, showed the advantages the improvers might derive as members of a syndicate.

A scheme of rules that had been sent a few days before to the parties concerned was then discussed, article by article, and entirely approved. The rules establish an entrance fee of five francs and fix the annual subscription at 2 francs.

(Summarised from the *Journal d'Agriculture Suisse*. No. 22, 1912).

(B). — NON-AGRICULTURAL CO-OPERATION.

1. **Swiss Union of Distributive Societies.** — This Union has recently published its report for 1911, with statistical data of its work.

Founded in 1890, after two previous attempts, in 1853 and 1869, it has now 348 affiliated societies as against 43 at the date of its foundation and 315 in 1910.

In 1911 these societies sold goods to the amount of 110 millions of francs (in 1910, 100 millions) realising a profit of 9 millions (8½ millions in 1910), 7½ millions (7 millions) being returned to the members as a bonus in proportion to the quantity of goods bought.

The number of members on January 1st., 1912 was, in round numbers, 220,000 (on January 1st., 1911, it was 212,000); which means an army of 500,000 adherents, as unmarried members are comparatively few.

In 1910 the affiliated co-operative societies paid altogether more than 400,000 francs in taxes.

The remarkable progress of co-operation in 1911, says the report, was not only economic; it is perhaps even more important, that co-operation in the confederation has gained in influence and in public opinion. In order that the movement initiated by us might meet with the approval of groups up to now indifferent or hostile, a year of high prices like the last was necessary. It is seen that the manner in which our people provides for its food supply, may, under certain circumstances, imperil the public welfare and the public administration has hitherto concerned itself very little with this.

The Swiss Union directly supplied the affiliated societies with various goods to the amount of 32,095,997.75 frs. (27,765,801.79 in 1910), of which 2,800,664 frs. to the Basle Distributive Society alone. Such an amount of business has necessitated the forwarding of 272,000 invoices.

At the end of 1911 the union had 295 employees.

In July, 1911, it opened a banking service.

Finally, 5,507,000 copies of its journals, in various editions, were distributed, besides thousands of pamphlets and leaflets for purposes of propaganda.

The net profits in 1911 were 203,186.30 frs. (in 1910, frs. 163,093).

The real estate of the Union covers an area of 40,798 sq. metres, and is valued at 1,480,000 frs., 486,962.88 frs. of which has been paid.

The Union has two principal offices:

1. A central purchase office, of exclusively commercial character. It arranges contracts with the producers and supplies the adherent societies. In 1908 an "information section" was started to give advice, information etc. to the affiliated societies in matters of practical co-operation.

2. A *secretariat*, an office for propaganda, publishing 5 papers; the *Schweiz. Konsumverein* (Swiss Distributive Association), founded in 1901, published weekly, with a circulation of 4,250; the *Genossenschaftliches Volksblatt*, founded in 1902, published fortnightly up to 1911, but now every week, with a circulation of 149,000 (30,000 in 1902); *Coopération*, founded in 1904, the co-operative organ for French Switzerland, with a circulation of 25,000; *Cooperazione*, the Italian organ, founded in 1906,

with a circulation of 2,800 ; lastly the *Revue du Marché*, a directly commercial organ, first published January 1st., 1912.

On the 8th. of last June the general meeting of the Union was held at Interlaken, and it was decided amongst other things to found a co-operative boot and shoe factory. The necessary capital for the building, purchase of machinery, etc., is calculated at 1,400,000 frs. An initial production of 750,000 frs. is contemplated.

(Summarised from the *Rapports et comptes concernant l'activité des autorités de l'union suisse des sociétés de consommation* for 1911, Bâle, 1912; *Gazette de Lausanne* No. 123, May 7th., 1912; *Schweiz. Konsumverein*, No. 20, 1912).

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2. — **Co-operative Building Society.** — The Co-operative Building Society now being founded at Romanshorn has had the effect of reducing the price of houses.

In fact as soon as persons concerned decided to found a co-operative society for the building of workmen's dwellings, one of the largest house holders of the place published that he was ready to lower the rents of his lodgings by 2 frs. a month for workmen who had not joined the proposed society. Now such a reduction, 24 francs a year, corresponds to a reduction of 600 francs per house, if we calculate the interest at 4 %. When in one building there are 2, 4, 6, lodgings of this kind, the reduction increases to 1,200, 2,400 and 3,600 francs respectively.

(Summarised from the *Schweizerischer Konsumverein*, No. 8, 1912).

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PART II.

INSURANCE.

INSURANCE

AUSTRIA.

CURRENT QUESTIONS.

Cattle Insurance Societies from 1907 to 1909.

Die privaten Versicherungsunternehmungen in den im Reichsrat vertretenen Königreichen und Ländern in Jahren 1907, 1908, 1909. Hof- und Staatsdruckerei, Vienna, 1911.

Introduction.

In an article which appeared last May, on private hail insurance societies in 1907 and 1908, we mentioned that the Austrian Ministry of the Interior had just published three reports concerning private societies which had carried on the various forms of insurance in the countries represented in the "Reichsrat" between 1907 and 1909.

The report for 1907 gives particulars of the development of each branch of insurance and consequently furnishes us, with regard to cattle insurance, with full statistics of the sums insured, the premiums paid and the compensations guaranteed by the various kinds of society. Such a detailed and comprehensive report will not again be published until 1915. In the interval, however, that those insured may know the financial condition of the undertakings in question, the Ministry annually will publish more condensed and summarised reports containing only the principal data of the development of each insurance society. Reports of this nature for 1908 and 1909 appeared in the course of the last few months. Concerning livestock insurance they only give the profit and loss accounts and balance sheets of those societies of which the business extends over a vast territory such as an entire province. They give no information about the small local mutual societies; for such information, the report of 1907 must be consulted. In that report distinction was made in the insurance of the

animals, stating whether horned cattle, horses or goats, a distinction omitted in the reports for 1908 and 1909.

As we are not now attempting any description of the state of cattle insurance in Austria except in its general lines, we shall avail ourselves of all of the three above-mentioned publications.

§ 1. Organisation of the Insurance Societies.

In 1907 and in the two following years, cattle-insurance in Austria was effected by societies worked on the principle of mutuality. In 1907, there were six great provincial establishments of this kind, those of Lower Austria, Upper Austria, Carinthia, Moravia, that of Vorarlberg at Feldkirch and the mutual society for horse insurance at Salzburg.

Besides these great societies for cattle and horse insurance, there are 322 small local societies (against 293 in the preceding year), distributed in the provinces as the following table shows :

Local mutual cattle-insurance societies.

	Horned Cattle	Horses	Mixed	Total
Lower Austria	8	1	—	9
Upper Austria	—	46	—	46
Salzburg	—	5	—	5
Styria	7	2	—	9
Carinthia	1	—	—	1
Littoral	14	—	—	14
Tyrol and Vorarlberg	115	3	1	119
Bohemia	39	12	2	53
Moravia	66	—	—	66
	250	69	3	322

In 1907, likewise, three societies in Bohemia and one in Tyrol insured goats.

The number of provincial mutual societies increased in 1908 and 1909 ; besides the six societies already mentioned, there were the Tyrolese Mutual Society at Innsbruck, the Goritz Mutual Society at Gorizia and the Mutual Society of Istria at Parenzo,

§ 2. *Insurance of Horned Cattle in 1907.*

In 1907, in comparison with the preceding year, there was an increase in the number of cattle owners insuring as well as in that of the cattle insured in almost all the greater mutual insurance societies of Austria.

The total number of policy holders rose from 112,378 to 115,131 and the number of cattle from 347,378 to 360,331.

In 1907, the Mutual Union of Lower Austria, founded 21 new local branches, and that of Carinthia 11, so that at the end of the year in Lower Austria there were 900 local branches and 120 in Carinthia.

In the Mutual Union of Upper Austria, in which in 1906 50 local federations were included with a total of 2,090 members and 6,183 head of cattle, at the end of 1907, there were 60 federations with a total of 2,673 members and 7,565 head of cattle.

The Cattle-Insurance Mutual Union of Moravia is divided into two sections, the one German, the other Bohemian; the first, at the end of 1907 had 2,568 members, the second 16,516 members. In addition, 31 local societies with a total of 7,670 members are affiliated to this society.

The following table shows the variations in the number of owners insuring and of cattle insured in 1907 in every province of the Empire:

	No. of Persons Insuring		No. of Cattle Insured	
	Increase	Diminution	Increase	Diminution
Lower Austria	592	—	10,192	—
Upper Austria	583	—	1,383	—
Styria	—	16	23	—
Carinthia	582	—	1,093	—
Littoral	305	—	614	—
Tyrol and Vorarlberg . . .	589	—	—	—
Bohemia	542	—	1,773	—
Moravia	—	424	—	1,796

The increase in the number of persons insuring as well as of cattle insured is most noticeable in Lower Austria.

The total value of horned cattle insured in the Austrian Mutual Societies rose in 1907 to 106,614,407 crowns, exceeding the amount of the

preceding year by 7,903,583 crowns, the average value of each animal insured being about 295.9 crowns.

The premiums paid amounted to 1,562,308 crowns, including assessments and supplementary contributions, a figure corresponding to 1.47 % of the sum assured ; the preceding year showed the lower percentage of 1.44 %.

The number of casualties was 9,618 and the proportion to the number of cattle insured was 2.67 %. The amount of compensation paid, including the costs of valuation of damages, amounted to 2,539,716 crowns reduced however to 1,620,906 crowns by the sale of skins, horns etc. of the carcasses to the profit of the society. The profit of this sale represents as in 1906, 36.2 % of the gross sum of the compensations paid, and the net compensations were, respectively, 103.7 % of the premiums and 1.52 % of the sum insured.

The following table shows the proportion of profit in the various territories of the Empire from the saleable portions of the carcasses to the gross total of claims paid. These figures are interesting as they give an idea of the price of beef and veal in each province :

Proportion of Profit of the Sale to the Gross Total of Claims Paid.

	1903	1904	1905	1906	1907
Lower Austria . . .	37.76	37.58	36.74	38.21	37.37
Upper Austria . . .	39.66	40.95	42.73	44.59	44.00
Styria	38.61	33.81	29.58	33.26	34.25
Carinthia	30.27	31.36	29.04	31.60	32.95
Littoral	37.32	32.79	30.15	36.22	29.52
Tyrol and Vorarlberg	26.75	26.26	26.02	27.47	27.40
Bohemia	55.90	52.90	52.22	40.55	48.26
Moravia	34.75	38.91	34.93	39.14	39.53

The average gross amount paid for each casualty was 264 crowns and the net amount 169 crowns, that is, respectively, 89.2 % and 57.1 % of the average sum assured.

The general results for cattle insurance in 1907 showed a loss as in 1906. The following table shows the proportional amount in the various mutual societies of the net claims, expense of valuation included, less

profit of saleable portions " of carcasses) and also the proportion of these claims to the value insured :

			Proportion of Net Claims to Premiums Collected	Proportion to Value Assured
Mutual Union of	Lower Austria		104.54 %	1.47 %
„ „	Upper Austria		100.13 %	1.41 %
„ „	Carinthia		103.72 %	1.40 %
„ „	Moravia		115.89 %	2.01 %
„ „	Vorarlberg		114.95 %	1.61 %

The annexed table shows the general progress of insurance of horned cattle in Austria during the year 1907.

Progress of Horned Cattle Insurance

PROVINCE	Insurance Societies	Number of Members Insured	Number of Cattle Insured
1	2	3	4
Lower Austria	Niederösterreichische Landes- viehversicherungsanstalt, at Vienna 8 Local societies	51,019	171,922
		687	3,363
		51,706	175,285
Upper Austria	Oberösterreichische Landes- versicherung, at Linz	2,673	7,565
Styria	7 Local societies	885	1,787
Carinthia	Kärntnerische Landes- anstalt für Viehversicherung, at Klagenfurt 1 Local society	4,376	21,634
		103	235
		4,479	21,869
Littoral	14 Local societies	1,935	4,753
Tyrol and Vorarlberg	Viehversicherungsverein des Landes Vorarlberg at Feld- kirch 116 Local societies	(3) 3,757	10,799
		14,695	48,332
		18,452	59,131
Bohemia	41 Local societies	3,780	9,458
Moravia	Viehversicherungsanstalt der Markgrafschaft Mähren at Brunn; (4) 31 Establishments and 106 af- filiated federations 35 Independent local societies	19,084	48,954
		7,670	19,639
		4,467	11,890
		31,221	80,483
	Total . . .	115,131	360,331

(1) Expense for valuation of damages included. — (2) Including reserve fund for damages. — (3) Including connected with it.

in Austria during the year 1907.

Capital Assured	Premiums Collected	Casualties		Profit from Sale of Hides, etc.	Net Amount of Claims Paid
		Number of Casualties	Amount of Claims (1)		
Crowns	Crowns		Crowns	Crowns	Crowns
5	6	7	8	9	10
51,089,580	720,679	4,245	(2) 1,205,400	452,020	753,380
780,135	8,563	58	11,050	2,540	8,510
51,869,715	729,242	4,303	1,216,450	454,560	761,890
19,44,295	27,439	225	49,058	21,584	27,474
374,060	10,245	60	12,890	4,515	8,375
5,118,910	69,110	582	(2) 107,117	35,433	71,684
44,150	669	7	955	176	779
5,163,060	69,779	589	108,072	35,609	72,463
1,040,365	14,513	114	16,630	4,909	11,721
3,838,068	53,723	321	61,755	—	61,755
14,996,095	299,612	1,491	390,430	123,909	266,521
18,834,163	353,335	1,812	452,185	123,909	328,276
2,256,946	12,697	211	36,178	17,461	18,717
15,958,290	277,061	1,582	(2) 526,737	205,660	321,077
6,024,510	39,676	543	77,734	31,016	46,718
3,148,903	28,321	179	43,782	19,587	24,195
25,131,803	345,058	2,304	648,253	256,263	391,990
106,614,407	1,562,308	9,618	2,539,716	918,810	1,620,906

insurance of horses. — (4) These Local Mutual Societies are modelled on the Moravian Institute and are

§ 3. *Insurance of Horses.*

The insurance of horses was carried on in 1907 by the Mutual Insurance Societies of Upper and Lower Austria, and of Moravia, also by the Cattle Insurance Society of Vorarlberg, by the Mutual Horse Insurance Society of Salzburg, and finally by 72 local societies (65 in the preceding year).

Unlike the mutual societies for the insurance of horned cattle, the horse insurance societies showed no decrease in 1907, in the number of members, nor yet in the number of animals insured. The total number of members insured, — 35,659 in 1906, — rose to 39,852 in 1907 (that is, an increase of 11.76 %) and the number of horses insured, — 80,850, in 1906, — rose to 86,937 (an increase of 7.53 %). The value insured amounted to 49,125,754 crowns, an increase, as compared with 1906, of 5,213,793 crowns (11.9 %).

The average amount for which each horse insured was 565 crowns.

The number of local federations belonging to the Mutual Union of Lower Austria was 760 ; that of Upper Austria, which had not undertaken business of this kind till 1907, included at the end of that year 79 local federations and 1,521 members.

As the following table shows, it is in Lower Austria that horse insurance is most widely spread. 56.5 % of the members, and 58.3 % of the horses are insured in the Mutual Insurance Union of Lower Austria.

The following table shows the variations in 1907 in the different territories of the Monarchy in the numbers of members, and of horses insured.

	Number of Persons Insuring		Number of Animals Insured	
	Increase	Diminution	Increase	Diminution
Lower Austria	1,870	—	1,948	—
Upper Austria	1,442	—	1,658	—
Salzburg	143	—	236	—
Styria	105	—	266	—
Tyrol and Vorarlberg	52	—	105	—
Bohemia	289	—	384	—
Moravia	292	—	490	—

The premiums paid increased in 1907 from 212,349 crowns to 1,121,242 crowns, corresponding to 2.28 % of the sum insured.

The number of casualties was 3,213, that is 3.7 % of the total sum assured. The claims paid, including expenses of valuation, amounted to

1,296,210 crowns, but a deduction of the sum realised by the saleable portions of the carcasses reduces the amount of the claims to 1,133,352 crowns. The proportion between the gross amount of the claims and the sum insured was therefore 2.64 %, and between their net amount and the sum insured, 2.31 %, and the proportion of the gross amount of claims to the premiums paid was 115.6 % and that of the net amount, 101.1 %. The produce of the sale was 12.56 % of the gross amount of the claims.

The general results of horse insurance showed in 1907 a loss as in the preceding year. In fact, the proportion of the net amount of the claims, (that is of claims paid, including cost of valuation, but less the profits of the saleable portions of the carcasses) to the premiums was 105.71 % in the Mutual Insurance Union of Lower Austria; 100.73 % in that of Upper Austria; 98.95 % in that of Moravia; 107.42 % in the Horse Insurance Society of Salzburg, and 102.91 in the Cattle Insurance Society of Vorarlberg.

The proportion between the net claims and the sum insured, expressed as percentage, varies from 2.37 % in the Mutual Insurance Union of Moravia to 3.70 in the Insurance Society of Vorarlberg. The Mutual Union of Lower Austria shows a proportion of 2.41 %, that of Upper Austria 2.66 %, and the Society of Salzburg 3.48 %.

The following table shows the general progress of Horse Insurance in Austria in 1907:

Progress of Horse Insurance

PROVINCE	Insurance Societies	No. of Members Insured	No. of Cattle Insured
1	2	3	4
Lower Austria	Niederösterreichische Landes- viehversicherungsanstalt, at Vienna	22,507	50,696
	1 Local society	456	1,337
		22,963	52,033
Upper Austria	Oberösterreichische Landes- anstalt für Pferdeversiche- rung, at Linz	1,521	2,707
	46 Local societies	7,986	16,648
		9,507	19,355
Salzburg	Wechselseitiger Pferdever- sicherungsverein für das Kronland Salzburg, at Salz- burg	530	1,062
	5 Local societies	238	429
		768	1,491
Styria	2 Local societies	164	445
Tyrol and Vorarlberg	Viehversicherungsverein des Landes Vorarlberg, at Feld- kirch	(3)	435
	4 Local societies	184	546
		184	981
Bohemia	14 Local societies	2,441	4,807
Moravia	Viehversicherungsanstalt der Markgrafschaft Mähren, at Brünn	3,825	7,825
	Total . . .	39,852	86,937

(1) Including expenses of estimation of damage. (2) Including reserve fund against losses. (3) The number

in Austria during the year 1907.

Insured Capital	Premiums	Casualties		Profits of Sale of Hides Horns etc.	Net Amount of Claims Paid
		Number of Casualties	Amount of Claims (1)		
Crowns	Crowns		Crowns	Crowns	Crowns
5	6	7	8	9	10
29,208,580	664,770	1,988	(2) 813,293	110,556	702,737
960,700	9,569	26	10,606	1,440	9,166
30,169,280	674,339	2,014	823,899	111,996	711,903
1,606,680	42,439	107	45,622	2,874	42,748
9,662,008	211,191	526	221,880	18,731	203,147
11,268,688	253,630	633	267,502	21,607	245,895
616,650	19,969	41	22,335	885	21,450
210,775	3,115	9	2,720	630	2,090
818,425	23,084	50	25,055	1,515	23,540
247,200	7,378	17	7,143	110	7,033
205,693	7,389	26	7,604	—	7,604
229,302	7,135	22	6,443	1,855	4,588
434,995	14,524	48	14,047	1,855	12,192
2,116,946	50,854	120	43,788	7,412	36,376
4,070,220	97,433	331	(2) 114,776	18,363	96,413
49,125,754	1,121,242	3,213	1,296,210	162,858	1,133,352

of members of this society is given in the preceding table relating to the progress of horned cattle insurance.

§ 4. *The Insurance of Goats.*

The insurance of goats is less practised than that of cattle and horses, because of the inferior value of the animals exposed to risk.

Nevertheless, in 1907 insurance of goats was carried on in Austria by three mutual societies in Bohemia, and by one at Cortina d'Ampezzo. The number of animals insured was 486 for the sum of 12,412 crowns, and the premiums paid amounted to 273 crowns.

For the casualties declared (that is, 7.8 % of animals insured) the societies paid 530 crowns in claims. But as 29 crowns, the produce of the saleable portions of the carcasses, must be subtracted, the net amount of compensation falls to 501 crowns. The net compensation therefore exceeded the premiums paid in by about 84 per cent.

The Profit and Loss Accounts of the Chief Mutual Insurance Societies.

In 1907 the receipts of all the great mutual unions and local mutual societies in Austria amounted to 4,609,972.77 crowns, as against 4,059,803.59 crowns in the preceding year.

The premiums constituted the greater part of these receipts (2,677,602.99 crowns); next came the profits from the saleable portions of the carcasses. (1,081,696.11 crowns). The policy dues etc. amounted to 135,836.91 crowns; the interest on the capital of the different mutual societies amounted to 65,226.55 crowns; other receipts to 649,610.11 crowns, comprising grants made to different companies by provincial or local public administrations which in the same year amounted in all to 532,115 crowns.

The expenses of the six great provincial mutual unions above mentioned, and of the 322 local societies amounted in the year 1908 to 4,648,748.66 crowns, showing an increase of 665,283 crowns on the preceding year.

Claims paid constituted the greater part of this sum; taking account of the reserve fund for casualties, and including in it the relative expenses, these claims amounted in 1901 to 3,864,581.14 crowns; the expenses of commission and management to 150,148.01 crowns; other working expenses to 546,326.55 crowns; duties and taxes to 35,133.77 crowns; cancellation of charges and other expenses to 52,559.19 crowns.

In 1907 the total expenses exceeded the receipts by 38,776 crowns, that is, about 15 % of the amount of the premiums paid in. The clear

profit realised was 204,178 crowns, the losses (including also those of preceding years) amounted to 353,699 crowns.

But as stated in the report of the Austrian Home Office, the financial result of the year 1907 would have been still more unfavourable if the provincial mutual institutions had not received grants to the amount of 12 per cent of their receipts. But for this, the expenses would have exceeded the receipts by 570,891 crowns, that is, about 21 per cent of the amount of the premiums collected.

The reports for the two years 1908 and 1909 as we have already stated, do not contain statistics relating to local cattle insurance societies, but are limited to giving the profit and loss accounts and the balance sheet of the principal mutual provincial societies. The following figures give these particulars, and convey an idea of the extent of the insurance of cattle in 1908 and 1909.

I. — Profit and Loss Account of the Large Austrian Mutual Societies for Cattle Insurance in 1908 and 1909.

(a) Revenue

Number	Name and Head-quarters of the Society	Premiums Paid in		Policy Dues in		Interest in		Other Sums Received in		Disposition			Total Receipts in		
		1908	1909	1908	1909	1908	1909	1908	1909	of the Reserve Fund against Casualties	of other Funds, exclusive of Pension Funds in		1908	1909	
											1908	1909			
		Crown		Crown		Crown		Crown		Crown		Crown		Crown	
1	"Niederösterreichische Landes-Viehversicherungsanstalt", at Vienna	1,375,140.51	1,379,722.56	39,987.85	41,391.47	53,335.00	49,813.79	(1) 596,608.38	(1) 645,585.22	—	262,189.14	—	2,494,780.17	2,387,171.41	
2	"Oberösterreichische Landes-Anstalt für Rindvieh- und Pferdeversicherung", at Linz	87,049.83	106,716.44	2,355.18	4,025.70	688.89	1,103.52	(1) 27,621.65	(1) 35,639.37	—	1,280.07	—	159,112.10	190,425.19	
3	"Kärntnerische Landes-Anstalt für Viehversicherung", at Klagenfurt	81,861.88	78,972.09	1,076.15	1,991.97	1,172.78	1,142.73	(1) 47,442.48	(1) 46,171.98	97.27	482.13	—	154,270.13	155,407.74	
4	"Viehversicherungsanstalt der Markgrafschaft Mähren", at Brünn	359,200.94	313,653.11	3,963.00	4,401.00	94.60	67.22	(1) 200,222.99	(1) 228,993.81	—	—	—	753,461.14	781,152.31	
5	"Wechselseitige Pferdeversicherungsverein für das Kronland Salzburg", at Salzburg	19,544.13	19,217.30	—	—	329.78	570.03	8,224.98	6,295.78	—	—	—	28,098.89	26,083.11	
6	"Viehversicherungsverein des Landes Vorarlberg", at Feldkirch	60,272.06	58,763.15	—	—	639.26	—	10,076.48	9,606.99	—	—	—	71,387.80	69,281.11	
7	"Tiroler Landes-Viehversicherungs-Anstalt", at Innsbruck	6,470.37	16,854.87	—	—	—	—	16,418.83	12,440.30	—	—	—	22,889.20	29,295.17	
8	"Glarer Landes-Viehversicherungs Anstalt", at Glaris	5,887.78	20,035.99	26.14	76.52	—	20.66	(1) 847.67	(1) 794.79	—	—	—	9,067.74	36,449.85	
9	"Italien. Landviehversicherungs Anstalt", at Fiume	2,727.10	8,935.41	—	—	—	—	4,944.68	11,960.04	—	—	—	7,671.78	20,885.15	

(1) Net profits from the saleable portions of the carcasses.

Profit and Loss Accounts of the Large Austrian Mutual Societies for Cattle Insurance in 1908 and 1909.

(b) *Expenditure*

Number	Names and Headquarters of the Societies	Claims Paid in		Working Expenses in		Charges Annulled in		Other Expenses in		Payments				Total Expenses in	
		1908	1909	1908	1909	1908	1909	1908	1909	to the Reserve Fund against Casualties in	to other Funds except Pension Fund, in	1908	1909	1908	1909
1	Niederösterreichische Landes-Viehversicherungsanstalt, at Vienna	2,258,587.78	2,481,980.02	414,184.06	451,650.87	2,407.05	1,295.01	13,525.46	19,577.77	13,011.67	61,488.08	130,168.39	137,191.65	2,801,581.01	3,153,153.40
2	Oberösterreichische Landes-Anstalt für Vieh- u. Pferdeversicherung, at Linz	122,896.51	163,016.76	37,734.80	34,643.83	—	—	571.02	913.59	—	—	—	—	156,092.33	198,576.18
3	Kärntnerische Landes-Anstalt für Viehversicherung, at Klagenfurt	136,661.87	124,111.76	39,727.71	28,874.93	24.18	11.24	—	1,195.22	—	5,913.62	—	2,117.24	167,113.76	162,224.01
4	Viehversicherungs-Anstalt der Markgrafschaft Mähren, at Brünn	663,667.23	738,707.52	183,066.39	185,965.85	5,328.22	1,365.46	11,243.24	7,481.77	27,799.79	4,471.22	—	—	891,104.87	951,990.82
5	Wechseltiger Pferde-Versicherungsverein für das Kronland Salzburg, at Salzburg	16,661.15	20,833.36	3,105.99	2,753.65	—	—	316.97	246.49	—	—	—	—	20,084.11	23,833.50
6	Viehversicherungsverein des Landes Vorarlberg, at Feldkirch	62,095.91	64,170.41	9,975.85	9,740.65	—	—	—	297.79	—	—	—	—	72,071.76	74,208.76
7	Tiroler Landes-Viehversicherungs-Anstalt, at Innsbruck	9,461.25	26,983.11	11,276.95	12,582.18	—	—	—	—	—	—	—	—	26,738.20	39,565.29
8	Göhrzer Landes-Viehversicherungs-Anstalt, at Göhrze	7,113.56	25,224.47	1,695.64	10,816.73	—	—	15.16	166.17	—	1,371.73	—	—	8,824.36	37,579.10
9	Italienischer Landes-Viehversicherungs-Anstalt, at Porenz	4,382.42	12,556.34	2,822.20	7,699.06	—	—	13.05	—	—	—	—	—	7,217.67	20,235.40

Besides the profit and loss accounts, the balance-sheets of the principal mutual societies are also published in these reports. As they are not of great interest for those who desire merely to be acquainted with the general outlines of the organisation of cattle insurance in Austria, it will be sufficient to consider only the balance-sheet of the Mutual Union of Lower Austria, as comprising the greatest number of members, and since 1898 working beneficently for the advantage of the agriculturists of the country.

In 1909 its cash in hand amounted to 247,772.36 crowns ; its assets to about 514,512 crowns, in securities, 156,564 crowns, in mortgages, 1,450 crowns, in loans secured on documents of title and bills of exchange. This establishment possessed, besides, about 54,960 crowns in credit, against agents and other debtors and carried forward 578,304 crowns to next year's accounts. Its liabilities consisted of about 894,849 crowns extraordinary reserve fund, 145,274 crowns reserve fund against casualties, and about 501,147 crowns in various debts. The credit account was 12,292 crowns and the total assets amounted to 1,553,564 crowns. As the above figures show, the Mutual Insurance Union of Lower Austria continued to make progress in 1908 and 1909 ; the premiums paid in, which are the surest index of progress, rose from 1,375,140 crowns to 1,379,722 crowns, and the total receipts from 2,494,780 crowns to 2,587,171 crowns.

The increase in the amount of the premiums paid into the new mutual insurance unions of Innsbruck, Goritz and Parenzo is also very remarkable ; the first of these had collected 6,470 crowns in premiums in 1908, increased to 16,854 in 1909 ; the amount of the premiums collected by the second rose from 5,887 crowns to 20,035 ; and in the third this amount rose from 2,727 crowns to 8,925. This is a positive proof that the establishment of these unions supplied a want on the part of the agricultural population of the country.

INSURANCE

FRANCE.

CURRENT QUESTIONS.

Extension of the Law of April 9th., 1898 on Accidents in Work so as to benefit Forestry Employees.

Official or Parliamentary Sources:

- Bill for the Extension to Forestry Undertakings of the Provisions of the Law of April 9th., 1898 on Accidents in Work, presented December 11th., 1908 by the Deputy J. L. Breton, Referred to the Labour Commission (Parliamentary Papers, No. 2,168).
- Report presented by M. Chauvin, December 19th., 1908 (Parliamentary Papers. No. 2,190) Session of February 9th., 1909, Report by M. Chaigne, in the name of the Agricultural Commission (*Parliamentary Papers*, No. 2,304; *Journal Officiel*, p. 125).
- Supplementary Report presented by M. Chauvin, February 11th., 1909 (Parliamentary Papers, No. 2,308; *Journal Officiel*, p. 149).
- After passing (February 15th.,) sending to the Senate on February 18th., 1909 (Parliamentary Papers, No. 33; *Journal Officiel*, p. 31).
- Report by M. Henri Boucher, March 22nd., 1910 (Parliamentary Papers, No. 136, amended, *Journal Officiel*, pp. 886 and 988).
- Supplementary Report by M. Henri Boucher, presented November 22nd., 1910 (Parliamentary Papers, No. 364. *Journal Officiel* p. 15.)
- Return to the Chamber of Deputies, January 7th., 1911, after Approval by the Senate. (Parliamentary Papers, No. 707).
- Report by M. Emile-Dumas, presented February 29th., 1912 (Parliamentary Papers, No. 1,712; *Journal Officiel*, p. 175).
- Approval, in the 2nd. Session of the Chamber, March 30th., 1912 (*Journal Officiel*), of March 31st., 1912, p. 1,086).

§ 1. History of the Question.

When at the end of the nineteenth century the French Parliament thought of adopting the principle of professional risk in compensating for accidents in work, the intention was to extend the principle so as include all classes of wage-earners, and it was the representatives of agriculture

who caused a limitation of the principle to be adopted. At that time Parliament was exclusively concerned with the dangers to labourers from machine work. The rapid development of industrial machinery absorbed all attention on account of its novelty and other forms of risk were given the second place. Professional risk was only admitted in workshops. Again, the character of repetition and frequency was not allowed in the case of agricultural accidents other than those due to machinery, though it has since been recognised. For these reasons and through these imperfect ideas, agricultural accidents as a whole were neglected.

Was it necessarily the same in the case of forestry risks? As we shall see, after the promulgation of the law of April 9th., 1898 on liability for accidents to labourers in their work, legal opinion varied, sometimes admitting forest labourers to the benefits of the law, sometimes excluding them.

In the course of the discussion on the law on commercial undertakings, June 9th., 1904, M. Boucher tried to remove the injustice that left woodcutters unprotected by the law. He proposed, to quote his own words, "to put an end to doubtful, if not contradictory legal interpretations, and to enable the very numerous labourers in our forests to benefit by the 1898 law. The expression "agricultural," applied to forest industries, is evidently erroneous," he added. "Undertakings for the utilisation of forests are real industries. Woodcutters are real transformers; they take the tree standing or felled, lop its branches, and cut it up into large or small logs or planks."

In several instances the woodcutters thought they might claim the benefits of the law. Already in 1903 their National Congress at Nevers had decided to place the matter before the Minister of Agriculture and sent him a deputation which he received on the 7th. of December. At the same time their *secretariat* appealed to the deputies for the forest regions to interest themselves in their behalf. The question came up again at every congress and each time they demanded with greater persistence the benefits of the law.

On July 18th., 1907 the law on optional inclusion within the terms of the law on accidents in work was promulgated. At the congress held at Dun-sur-Auron (Cher), in the following September, the delegates after study of the new law decided to demand its application and invited the woodcutters' syndicates to enter the following clause in their contracts:

"The woodmerchant undersigned declares that he undertakes, by virtue of the contract, to place himself, in conformity with article 1 of the Law of July 18th., 1907, under the régime of the said law, as regards any accident befalling his labourers, employees or servants in the work or through the work for which the contract is signed.

For this purpose he must deposit at the Mayor's office of the district in which the work is carried on the declaration contemplated in article 1,

paragraphs 2 and 3 of the said law and at the same time present the book for receipt of the adherence of all the labourers, employees or servants engaged in the work."

Shortly after the *National Federation of French Woodcutters* published a pamphlet, "*Les Bûcherons hors la loi*" (*The Woodcutters outside the Law*), in which the matter was minutely studied and in which all the arguments were brought forward for the extension of the 1898 law to forest workmen.

The wood trade, from an exaggerated idea of the consequences of the permissive inclusion demanded by the workmen in anticipation of the passing of the law, refused to give the woodcutters satisfaction and in many places in the centre of France there was a strike of purchasers. In Nièvre, the ordinary customers of the State, declined to contract for forestry work and to ensure the State Revenue, the Department of Waters and Forests had to work the forests as a Government Department.

During the discussion on the Estimates for 1909, M. Roblin induced the Chamber to adopt an amendment inviting the Government to enter in the list of the duties of the contractors for exploitation of State Forests a clause obliging them to "guarantee their labourers the benefits of the 1907 law."

The list for 1909-1910, as decided on by the Board of Administration of Waters and Forests on May 24th., 1909, therefore, contained the following provisions:

" Art. 66. —

" 1st.

" 2nd.

" Each contractor, must further, in the case of State forests, place or cause to be placed under the régime of the 1898 law the woodcutters working in that part of the forest assigned to him, whether he carries out the work himself, or has engaged others to perform it or has sold his rights before commencing work.

When frequent infringements of the provisions of the present article have been proved against a contractor, the General Manager of Waters and Forests may deprive him temporarily or definitely of the contract for cutting wood in State Forests, without prejudice to any action that may be brought against him."

Although declaring itself not sufficiently prepared to accept the law, the wood trade appeared to do so. In 1909 contracts were made in the normal manner. Thirty-six had been made by September 11th., when suddenly at Poligny the contractors refused to sign, unless article 66 were suppressed. The movement spread rapidly and in spite of every effort, the department could make no sales. On October 22nd., there were 10 million

francs worth of wood sold in 1,637 lots and 2,696 lots of a value of 15 million francs remained without purchasers.

A question being put in Parliament on October 22nd., the Chamber of Deputies supported M. Ruau, Minister of Agriculture, in his refusal to withdraw article 66 and the debate closed with the adoption of the following resolution :

" The Chamber, in approval of the Government declaration, and trusting to the Government to apply the previous votes of the Chamber and to extend the 1898 law to all forests, rejecting any amendment, passes to the order of the day."

Shortly after tenders for forest exploitation were again called for and the sales proceeded normally.

While the woodcutters were exerting themselves to obtain the application of the 1907 law to their case, and the Department of Waters and Forests was supervising the working of the law within its domain, Parliament was not idle.

On December 11th., 1908, M. J. L. Breton laid before the house a bill consisting of two articles, simply including forest undertakings under the working of the law of 1898. The bill, passed by the Chamber on the 16th. February following, was sent up to the Senate, where it was very considerably amended before being approved on January 24th., 1911. The Chamber, in its second sitting of March 30th., 1912, passed the text submitted to it by its Commission, without discussion.

§ 2. *Accidents in Forestry Work before the Courts.*

In order to understand the bearing of this bill, we must first of all understand the legal meaning of the expression an accident in work, according to the Statutes and the judges.

The first article of the law of April 9th., 1898 lays it down that an accident occasioned by the work gives claim to compensation from the head of the undertaking (1) and the St. Quentin court declared (2) "that an accident occurring during work is presumed to be an accident in work."

The law as interpreted by the courts gives it a still wider sense. Thus, a professional accident is one happening to a workman while going to see the time (3); or while walking in the yards (4); in the course of a

(1) See in the Appendix the texts specifying the amount of this compensation.

(2) March 7th., 1908. This decision, as well as the others quoted, will be found in the "*Recueil de documents sur les accidents du travail*," published by the Management of Social Insurance and Thrift, at the Labour Department.

(3) Civil Court of Bourgojn, July 3rd., 1901.

(4) Besançon Court of Appeal, October 24th., 1900.

dispute originating in just blame of his work (1) ; to an employee when going to the bank for money to pay the men (2) ; to a carter in leaping from his cart (3) ; to a boatman falling into the water out of his boat, while satisfying a necessity of nature (4).

But while all workmen in all industries, the employees in every trade, some of the men occupied with threshing and other agricultural machines were protected by the laws of 1898 and 1899, by a strange interpretation of the workmen's occupation, woodcutters were excluded by the law courts.

" Even admitting," says the Nancy Court of Appeal (5) that the wood-cutting areas may be considered as yards, the law of April 9th., 1898 would all the same not apply, for in that case they would be forest yards and consequently of essentially agricultural character, which would exclude them from the application of the new law.

" Since, indeed, forestry enterprise as carried on in the Vosges is only a variety of agricultural work and they are of the same nature, since they have the same object of sale or utilisation of the produce of the soil..."

Later this theory has been reaffirmed in several decisions, though it is very questionable, for, if workmen engaged in industries the object of which is the sale or the utilisation of the produce of the soil are to be excluded from the protection of the law, the list of these would have to be remarkably extended.

But some courts, and these some of the more important ones, refused to follow these precedents and the Paris court decided (6) in the case of a wood cutter whose leg was crushed by the fall of a fir-tree he was felling :

" that the licensed wood-merchant engaged in the industry of purchasing trees, getting them felled, cut up and the wood sold, is a dealer, and the undertakings to which he devotes himself cannot be assimilated to agricultural undertakings. "

The Court of Cassation reversing the sentence of the Court of Appeal, decided :(7)

" that the exploitation of a forest lot when limited to felling trees, and sawing the wood, with the removal and stacking of the logs, is in itself agricultural work, irrespective of whether it is for the account of the owner of the wood or for that of another who has purchased the lot. . . "

(1) Vienne Civil Court, February 27th., 1902.

(2) Civil Court of the Seine, May 22nd., 1901.

(3) Court of Cassation, August 4th., 1903.

(4) Court of Cassation, July 26th., 1905.

(5) December 15th., 1900.

(6) July 30th., 1901.

(7) October 26th., 1903.

In face of this assimilation of the exploitation of a forest lot to agricultural work, workmen injured in forest work have tried to profit all the same by the law, on the ground of the definition of *yards* contained in the Ministerial Circular of June 10th., 1899 :

" . . . the yard is a grouping, in a fixed place, of a certain number of workmen employed in the preparation of material, on embankments, or on any work for the building of houses, bridges, or for canal or roadmaking. . . "

The Paris Court of Appeal soon gave this definition a more precise form : (1)

" Considering that the forest lot where the accident occurred is a yard, this word being definable as " a place where material is deposited for its preservation and for working," that this definition specially applies in the instance, as there has been ascertained at the moment of the accident at, least, the presence of three workmen engaged in felling different trees, two men for sawing wood lengthwise and two carters carrying the pieces to the sawmills, that the multiplicity and simultaneousness of the various kinds of work would create the risk of accidents which has inspired the new legislation."

With regard to the agricultural character of the undertaking the court added the following consideration, which admits of no misunderstanding :

" . . . Considering that X . . . , who for very many years has followed the profession of a wood merchant; must be considered the head of the undertaking, that the operations he conducts have not an agricultural but a commercial character . . . "

Such is also the opinion of the Tulle Civil Court (2) which says very clearly : " Since it must be considered as certain that the accident occurred in a yard, within the meaning of the law of April 9th., 1898, since the workman was working at the time indicated in the exploitation of a forest lot "

The Angers Court of Appeal is of the same opinion and declares (3) :

" Since X... was purchaser of a forest lot the trees of which he resold after subjecting them to manipulation which constituted the exercise of his profession ;

" . . . Since further these various operations, which might entail numerous risks of accidents, were performed by Thibault, his son and two other workmen in the forest lot, which thus constituted a real yard, that is to say a place where articles or material are deposited for their preservation or working.

" That thus the undertaking was an industrial work and, being performed in a yard, came under the provisions of the law."

(1) April 2nd., 1901.

(2) May 29th., 1900.

(3) August 8th., 1902.

The Court of Cassation reversed this judgment (1) supporting its sentence by the following considerations :

" . . . Since forest exploitation is in itself agricultural work ;

" Since the judgment appealed against, in order to declare the law applicable to the accident occurring to Pierre Thibault, limits itself to stating that it happened in the forest lot which the contracting merchant was having felled and the trees of which he was having sawn and cut up for firewood and made into faggots : that from these facts alone it concludes that the forest lot had thus become a yard in the sense of article 1 of the law :

" But since the felling, sawing and cutting up of wood under the afore-said conditions, are operations inherent to forest exploitation which they do not convert into industrial enterprise ; that preserving its agricultural character, this undertaking in which no inanimate motor power was used, does not come under the law,

" The sentence is reversed."

By this decision, the Supreme Court meant to affirm its refusal to accept the definition of the word *yard* given by the Government in its circular of August 22nd., 1901, in accordance with the opinion of the Advisory Insurance Committee of June 21st., 1901.

For the Government, the law intended by the word " probably the other supply yards (others than those included under the general heading: building industries), which, by the quantity of produce, the importance of their work of lading, unloading and storage, resemble building yards. Taking this view, the Advisory Insurance Committee did not hesitate to hold subject to the law the industrial forest yards, the wood merchants, wholesale iron merchants and a whole series of similar occupations."

On his part, the Minister of Finance appealed to the Council of State against the decisions of the prefects on the following grounds :

" Since in fact M. X. . . exploits forest lots, that the area of these lots where wood is felled, worked and stacked, must be assimilated to real yards, that this assimilation . . . is further justified by the considerable risks to which workmen are exposed in such undertakings; that consequently it is of small importance whether machine motors are used or not, that, finally, the circumstance that the woodcutters are paid by the piece and not by the day could not deprive the work of its character as an enterprise nor withdraw it from the consequent obligations."

Four times (2) the Minister of Finance addressed the Council of State and four times the Council replied :

(1) April 19th., 1904.

(2) February 22nd., 1902, March 17th., 1902, May 3rd., 1902, June 4th., 1902.

"Considering that it appears from the enquiry that M. X. . . . buys forest lots and exploits them without employing machines moved by inanimate power, that, under these conditions, the exploitation of forest lots constitutes in itself an agricultural work, in the sense of the law June 30th., 1899, independently of the quality of those undertaking it and for account of whom it is undertaken. . . .

". . . . Decides to reject the appeal of the Minister of Finance."

In view of such interpretations a new law was necessary. It is desirable therefore to examine the articles just voted by the Chamber.

§ 3. *Employers' Liability, according to the Bill.*

Art. 1. — The liability for accidents of which workmen or employees engaged in forest exploitation are victims by or through their work rests with the employer under the conditions established by the law, except as far as the following special provisions apply:

Art. 2. — Only the work performed on the woodcutting lot is to be considered as forest exploitation.

Yet the present law does not apply in the case of trees planted outside a forest, when the operation has no commercial character, nor when the wood is cut for private use by the proprietor, the tenant or métayer.

The limitation of the principle laid down in article 1., which is introduced in article 2 has for its basis the fact that in every case in which the wood is cut for agricultural purposes, the object of the operation is agricultural; it is therefore a work of cultivation and the law does not apply.

Art. 3. — The owner of the wood felled or worked, if the exploitation has not been undertaken by a contractor in answer to a call for tenders or in execution of a contract, shall be considered as the head of the undertaking.

In any case the liability of the head of the undertaking extends to the case of all workmen and employees engaged in the exploitation, even if not engaged or paid by the person responsible, it being for the victim or his heirs to bring proof of the engagement.

This article defines the liability. It takes account of the various kinds of forest exploitation.

In each new undertaking, according to the difficulties likely to be met with, and on account of the difference in the forest lots, the workmen arrange with the contractors the price of the work, at so much the tree in the case of felling, so much the cubic metre, in that of cutting up and fashioning the wood.

These prices vary from year to year, and in each new work new conditions have to be considered by the employer and his men, which

after being discussed and accepted by both parties form a real contract binding on them for the period of the exploitation.

Often this labourer's contract is in writing and signed by the parties and fixes the rates and conditions of the work.

A labourer's contract and a contractor's contract for a job are two absolutely different things.

In the first, each labourer works on his own account or with a comrade with whom he also shares the gains, under the supervision and direction of the master, the contractor or the representative of either.

In the other, the contractor contracts for the work, substitutes himself entirely for the owner of the wood felled, selects, engages, pays and dismisses the workmen and realises a profit on their wages.

It is necessary to make the distinction, because in certain cases, becoming less and less frequent, the courts have been tempted to consider that a labourer's contract for a job becomes a contractor's contract, when a labourer's contract, can only be an act establishing definite conditions.

There is no room, from the economic point of view, for the existence of different sub-exploitations in the principal one and it is desirable from the legal point of view to put an end to the uncertainty and contradictory decisions given in each case of accident.

But the individual yards in the forest lot, and the facility of engaging labourers, due to the customs of certain regions, have convinced Parliament that the employers' interests are fully protected by leaving it to the victim or his heirs to prove both the existence of the engagement and the reality of the accident.

§ 4. *The Basis for Calculating the Annual Wage.*

Art. 4. — If the victim was not receiving wages from the head of the undertaking, or not receiving fixed wages, the compensation due is calculated on the average wage of agricultural labourers of the department.

An administrative regulation will establish the conditions according to which this average wage shall be fixed.

Except in certain special cases, forest work is always paid by the piece, but, as the work is not continuous, it seemed there would be exaggeration and difficulty in determining the pension on the basis of the temporary wage of the workman.

Article 10 of the law of April 9th., 1898, amended by the law of March 31st., 1908, establishes the basis for the calculation of the annual wage as follows :

“ If the work is not continuous, the annual wage is calculated partly on the pay received during the period worked and partly on the workman's gains during the rest of the year :

If during the periods referred to in the foregoing paragraphs the workman has been unemployed to an exceptional degree through causes independent of his will, account is taken of the average wage corresponding with such unemployment."

It is evident that wages for forest work are much higher than the average agricultural wages, but then the workman's interest presents itself under two forms: Either, as in certain forests in the neighbourhood of Paris, the woodcutter is occupied the whole year in forest work; hence, as the victim receives wages from the head of the undertaking, it is easy to estimate his annual wage: or, the work is season work, and a pension must be found for the workman corresponding as nearly as possible with the reduction in his real yearly gains caused by the accident.

But Parliament thought that the wage calculated on the average agricultural wage of the commune, a principle sanctioned by the law of June 30th., 1899, offered serious difficulties on account of the variations in wages at certain periods in communes very near each other. This variation is due to many reasons which it is impossible for the law to foresee; and which in the sequel might give rise to numerous disputes for the very reason of the difficulty there would be in their estimation.

It was therefore necessary to provide a certain basis for the calculation of wages and set aside the uncertain average wage of the commune which has to be estimated in the case of each accident.

In order to give the national road labourers wages corresponding to those of agricultural workmen of the same class, a special commission instituted by the Ministers of Home Affairs and Public Works considered it best to keep to the principles laid down in the circular of September 12th., 1899, which fixed the road labourers' wages at the same amount as that of the agricultural labourers of the region.

Hence arose the necessity of discovering what was the annual average wage of agricultural labourers in each Department, and the Minister of Public Works thought best to ascertain the rate of these wages in conditions offering the best possible guarantee of accuracy, and, in accordance with the procedure sanctioned by decree of August 10th., 1899 on State, Departmental and Communal work, commissions were formed to act in accordance with the following rules, laid down in the Ministerial Circular of May 20th., 1904, addressed to the Prefects.

The Commissions must generally meet in the chief town of the Department. If, with respect to the rate of wages, the Department is divided into several regions and it would be difficult for a single commission to estimate the figures for the various regions, a Special Commission must be formed for each, either in the chief town of the arrondissement, or in any other suitable centre.

Full liberty is left to the prefects in the formation of these commissions. Yet, as it seems desirable that there should be a certain unity in their constitution in the various parts of the country, the Minister, in his circular, suggests as an example, the following composition : two members of elected bodies (councillor of agriculture, arrondissement councillor, mayor, etc.), two representatives of agriculture, two officers of the department of roads and bridges (an engineer and an overseer) and two road labourers. The commission shall be presided over by the prefect or his delegate, who may be either an officer of the administration or a member of an elected body.

The rôle of these Commissions is to show the daily rate of pay of agricultural labourers engaged in work similar to that of the road labourers.

These commissions should only work at long intervals, when a variation in agricultural labourers' wages would seem to call for a similar change in that of the road labourers. The term of seven years — to be extended or shortened according to circumstances — was suggested in the circular.

The work of the Commissions so constituted gave the following results for 1911.

*Return showing the Results arrived at by the Mixed Commissions
for the Estimation of the Average Wage of Agricultural Labourers.*

Department	Mixed Commissions, meeting at	Wages	
		Daily	Annual
		frs.	frs.
Ain	Bourg, February 22nd.	3.50	1,050.00
Aisne	Laon, March 7th	3.41	—
Allier	Moulins, March 10th	—	1,080.00
Alpes (Basses) . . .	Digne, February 4th.	—	800.00
Alpes (Hautes) . . .	Gap, March 4th.	—	900.00
Alpes-Maritimes . . .	Nice, February 24th	3.00	—
Ardèche	Privas, March 4th.	—	800.00
Ardennes	Mézières, March 25th	3.50	—
Ariège	Foix, March 31st	—	900.00
Aube	Troyes, March 31st	4.25	—
	Narbonne, February 23rd	—	1,100.00
Aude	Limoux, February 23rd	—	750.00
	Castelnaudary, February 27th . .	—	750.00
	Carcassonne, March 4th	—	810.00
Aveyron	Rodez, March 13th	—	950.00
Belfort (territory of).	Belfort, March 20th	—	1,080.00
Bouches-du-Rhône . .	Marseilles, March 24th	3.60	1,080.00
Calvados	Lisieux, February 27th	3.60	1,050.00
	Caen, March 10th.	—	936.00
Cantal	Aurillac, March 23rd	—	956.00
Charente	Angoulême, March 18th.	—	777.82
Charente-Inférieure . .	La Rochelle, February 15th . . .	—	—
Cher	Bourges, February 27th	2.80	997.50
Corrèze	Tulle, March 6th	—	960.00
Corsica	Ajaccio, March 20th.	—	700 to 846
Côte-d'Or	Dijon, March 24th	—	1,000 to 1,100
Côtes-du-Nord	Saint-Brieuc, March 18th	3.00	900.00

Department	Mixed Commissions, meeting at	Wages	
		Daily	Annual
		frs.	frs.
Creuse	Guéret, February 11th.	2.87	975.00
Dordogne	Périgueux, { 1st. zone, North.	2.33 to 3	—
	March 21st. { 2nd. zone, South.	3 to 3.66	—
Doubs	Besançon, March 14th.	—	1,120.00
Drôme	Die, March 9th.	—	850 to 900
	Valence, March 9th. and 16th. . .	—	900 to 960
Eure	Evreux, March 13th.	—	1,100.00
Eure-et-Loir	Chartres, February 23rd.	4.00	1,200.00
Finistère	Quimper, March 15th.	—	900.00
Gard	Nîmes, February 13th.	—	900.00
Garonne(Haute)	Toulouse, July 3rd.	—	900.00
Gers	Condom, March 11th.	—	970.00
Gironde	Bordeaux, April 24th.	3.10	—
	Bordeaux, April 24th.	—	850 to 1,000
Hérault	Montpellier, March 21st.	3.50	927.50
Ille-et-Vilaine	Rennes, March 16th.	—	750 to 800
Indre	Châteauroux, March 4th.	—	900
Indre-et-Loire	Tours, March 25th.	3.50	—
Isère	Grenoble, March 7th.	3.20	—
Jura	Lons-le-Saunier, March 17th. . . .	—	900.00
Landes	Mont-de-Marsan, February 23rd. .	2.75	—
Loir-et-Cher	Blois, March 18th.	3.50	—
	Saint-Etienne, March 31st.	—	1,200.00
Loire	Roanne, April 3rd.	—	1,150
	Montbrison, April 1st.	—	950.00
Loire (Haute)	Le Puy, February 24th.	3.00	—
Loire-Inférieure	Nantes, March 17th.	2.75	—
Loiret	Orléans, March 10th.	4.00	—
Lot	Cahors, March 25th.	—	750

Department	Mixed Commissions, meeting at	Wages	
		Daily	Annual
		frs.	frs.
Lot-et-Garonne . .	Agen, March 25th	—	965 to 1,183
Lozère	Mende, February 11th	—	950.00
Maine-et-Loire . . .	Angers, March 11th	—	950.00
Manche	Saint-Lô, March 11th	2.70	—
Marne	Châlons-sur Marne, February 11th .	—	1,100.00
Marne (Haute) . . .	Chaumont, March 4th	2.80 to 3.60	—
Mayenne	Laval, March 11th	—	900 to 950
Meurthe-et-Moselle .	Briey, March 16th	—	—
	Nancy, March 23rd	—	972
Meuse	Bar-le-Duc, February 16th	3.20	960
Morbihan	Vannes, February 25th	2.70	—
Nièvre	Nevers, February 13th	—	1,100.00
Nord	Lille, March 18th	3.50	—
	Cambrai, March 18th	3.80 to 4.50	1,150 to 1,350
	Dunkerque, March 18th	3.50	—
Oise	Beauvais, February 20th	3.00 to 3.25	900 to 975
Orne	Alençon, March 3rd	3.15	—
	Arras, March 2nd	2.80	828.50
	Béthune, February 27th	from 4 to 4.50	—
Pas-de-Calais . . .	Montreuil, February 25th	3.00	900.00
	Boulogne-sur-Mer, March 1st . . .	—	1,000 to 1,300
	Saint-Omer, March 2nd	from 3 to 3.50	900 to 1,050
	Saint-Pol, February 25th	—	1,012.00
Puy-de-Dôme . . .	Clermont-Ferrand, March 22nd . .	—	900.00
Pyrénées (Basses) .	Pau, April 20th	2.50	—
Pyrénées (Hautes) .	Tarbes, April 27th	2.50	750.00
Pyrénées-Orientales .	Perpignan, February 24th	3.50	—
Rhône	Lyons, February 25th	—	1,200.00

Department	Mixed Commissions, meeting at	Wages	
		Daily	Annual
		frs.	frs.
Haute-Saône . . .	Luxeuil, March 10th	3.00	900.00
	Lure, March 9th	3.00	900.00
	Gray, March 15th	—	1,050.00
	Vesoul, March 9th	—	1,020.00
Saône-et-Loire . . .	Mâcon, March 18th	3.45	—
Sarthe	Le Mans, March 27th	3.33	—
Savoie	Chambéry, February 25th	3.50	—
Savoie (Haute) . . .	Annecy, March 13th	3 to 3.75	—
Seine	(No mixed commission was held)	—	—
Seine-Inférieure . . .	Rouen, March 4th and 14th	3.46	1,040.00
Seine-et-Marne . . .	Melun, March 3rd	—	1,320.00
Seine-et-Oise . . .	Versailles, March 3 ^d {suburban district	4.50	—
	{rural district	4.00	—
Sèvres (Deux) . . .	Niort, February 16th	3.12	1,000.00
Somme	Amiens, March 21st	—	875.00
Tarn	Albi, March 18th	—	780.00
	Gaillac, March 17th	—	940.00
	Castres, February 18th	—	900 to 950
	Lavaur, February 25th	—	900 to 950
Tarn-et-Garonne . . .	Montauban, February 24th	2.75	687.50
Var	Draguignan, March 25th	3.25	—
Vaucluse	Avignon, March 30th	—	1,125.00
Vendée	La Roche-sur-Yon, March 15th	3.00	900.00
Vienne	Poitiers, April 8th	—	1,050.00
Vienne (Haute) . . .	Limoges, March 30th	2.88	—
Vosges	Epinal, February 11th	3 90	—
Yonne	Auxerre, May 9th	—	1,150 to 1,250

It was difficult to refer a law to a decree, so the Chamber of Deputies provided administrative regulations fixing the conditions for the determination of the average wage, and, in the Reporter's opinion, in all probability, the bases fixed by the departmental commissions, founded in accordance with the Ministerial Circular of May 20th., 1904, will be taken note of, enquiry being made whether it be not necessary and logical to add other members to these commissions, seeing that the prefects have been given power to do so.

§ 5. Procedure and Various Provisions.

Art. 5. — The accident must be declared according to the forms provided by article 11 of the law of April 9th., 1898, however, the term for declaration laid down in the first paragraph of that article shall be extended from 48 hours to 10 days.

The term within which the magistrate may proceed to the enquiry provided for in the second paragraph of article 12 of the said law is extended to three days and the limit for closing the said enquiry laid down in article 13 is extended from ten to fifteen days.

In establishing this text Parliament took account of the desires expressed by the wood merchants in a petition addressed to the Senate on August 23rd., 1909. The arguments brought forward in this petition were the following :

“ As the woodcutters are engaged in an undertaking, by the day and by the hour as they choose, with the sole condition of performing the work within the term and for the price fixed, forest exploitation may consist of many undertakings scattered over large areas, or several communes or arrondissements, which renders it materially impossible to declare an accident within forty-eight hours, as it may remain unknown for days or weeks.

To oblige the forest exploiter to declare accidents within the term fixed by the law would be to render it obligatory for him to visit his lots every day or to place an overseer in each, that is to say would put him to considerable expense, far heavier than the compensation of the accidents themselves.”

Art. 6. — In the conditions specified by the law of May 29th., the licensed heads of undertakings will be liable to the charge contemplated in article 25 of the law of April 12th., 1906, amended by the law of March 26th., 1908.

Art. 7. — Employers' liability mutual insurance societies formed exclusively among contractors for forest exploitation may be constituted in the conditions provided by article 6 of the law of April 12th., 1906 if they have at least fifty contractors among their members, and if the amount of their

united purchases, or the value of the lots, is at least five millions, or if the average wages amount at least to 2 millions.

Such a mutual society was authorized by ministerial decree of August 26th., 1910 and operates within the terms of article 24 of the law of 1898; its rules are in conformity with the model rules and its 24th article fixes one centime per franc as the basis of the premium. Article 23 of the model rules makes provision for "an internal rule, communicated to the Minister of Labour before being put into force, regulating in detail the relations of the syndicate and its members."

As circumstances were pressing, in order not to delay their organization, the wood merchants did not ask for any amendment of the decree, but the internal rule, allows them, while respecting the text, to adapt it to meet the insurmountable difficulties encountered by the wood trade in the application of the insurance regulations.

Article 3 of the internal rule of the employers' liability mutual insurance society of forest contractors reads :

"The members of the syndicate being bound by a clause to joint and mutual liability each of them must make a rigorously accurate declaration of his risks and, as far as possible, keep systematic accounts of the wages to serve as the basis for the calculation, when necessary, of the compensation, to victims of accidents, as well as for establishing the contributions due for the insurance of workmen and employees on regular salary and not engaged in forest work.

For work done in the forest, considering the difficulty there is in accurately determining the wages of each workman of this class, the contribution shall be calculated in accordance with the area, the nature and the purchase price of the lots, increased by the charges and other expenses connected with the contract, according to a table drawn up and agreed on by the board of management each year, allowing of the calculation of the risks and average wages of a workman employed in the lot.

Each member shall in this case send the syndicate, at the date of his application for admission and on the occasion of any change in his risks, all the vouchers and documents necessary and especially a detailed statement of the description of his lots, stating from whom they were acquired and the total price of acquisition.

He shall further state, as exactly as he can, the approximate total number of the workmen he expects to employ on the lot."

It must not be thought that in introducing in the internal rule a text at variance with article 27 of the model rules, the wood trade intended to evade the law. This is the less probable as the Minister of Labour must be advised of this rule before it comes into operation. But the parties concerned found themselves confronted with a text which had not been drafted for their profession, did not contemplate it and could only be made applicable

to their undertakings by means of real arithmetical gymnastics which would have no other advantage than the introduction of considerable and quite superfluous complications. In order to arrive regularly at a similar result they would have had to adopt the following process :

The contributions would be based on the amount of purchases or the value of the lots (to determine the contribution of those who are land owners), then they would have to be multiplied by a fixed co-efficient to convert them to wages, and on the amount of these imaginary wages the accounts would be made up for auditing by the management.

In view of these indisputable difficulties, it was for the law, in accordance with the precedent created by the internal rule drawn up by men who had done their utmost to keep within the limits of the decree of December 24th., 1906, without success, and in accordance with the requests they had laid before the Commission of the Chamber and previously before the Senate, to be placed in a position efficaciously to protect their adherents, while offering them the necessary guarantees within the limits of the principles of the law.

Besides — and it is no paradox — in principle the number of accidents is in proportion to the purchase price of the lots and not to the wages, for it is the trees that render the purchase price high and it is their felling, and the lopping of their branches that cause the greatest number of accidents and the most serious ones, while they entail higher wages in proportion to the value of the timber, while the wages for work in copses the value of which is very small, is paid in proportion to that value and the less seriousness of the accidents occurring in connection with it.

It was maintained in the Senate that the value of the lots was in inverse ratio to the risks of accident, on the strength of this being so for forest lots in uneven country, but these are exceptional, at least in the Centre, North and West of France. And account must be taken of the fact of course, but a whole argument cannot be based upon it.

The co-efficient of the price of forest lots is, according to information furnished by the Employers' Liability Insurance Syndicate of Forest Contractors, about 40 % of the purchase price, for if the State has many forests, with tall forest trees, the exploitation of which does not entail wages in proportion to the value of these lots, on the other hand, the landowners have, so to speak, only copses, with tall trees in greater or less number, the exploitation of which demands high salaries sometimes as high as the purchase price and even higher.

Thus, in order to establish a balance between wages and purchase price, the Chamber of Deputies was led to consider that forest lots of a value of 5 millions would correspond to wages of the amount of 2 millions. The law will leave the parties interested in founding employers' liability insurance syndicates, the liberty to choose between the two systems the

one best corresponding to the requirements and possibilities of the corporation, while leaving the management the financial resources necessary to ensure a real guarantee.

And there is no doubt the syndicates will prefer the system they have already applied.

The establishment of the insurance premium in accordance with the value of the lot seems so in favour with the parties concerned that the insurance companies taking forest risks fix their premiums in accordance with the wages paid, but leave their members also the option of fixing them according to the above value in accordance with a system of reckoning nearly the same as that we indicate later on.

Finally, let us add that the wages in a forest undertaking are a fixed quantity, that nothing can affect ; when the number of workmen is limited, the work done remaining the same, the sum of work done in the season by each workman will be greater and his wage higher.

If, on the contrary, the number of workmen who come to work or are engaged by the contractor is larger, the part of the work falling to each will be smaller and, as the total wages paid do not vary, the amount gained by each will be lower.

On the other hand, the risks themselves fluctuate as little : either there are many workmen and the risk is distributed among a larger number of men, but over a shorter period of time ; or the workmen are fewer and then the risk for each increases on account of their remaining longer in the forest and doing a larger amount of work.

In reality, wages and risks are themselves invariable, but increase and diminish with a single variable circumstance the purchase price of the forest lot, which, in all justice, is the only element the reality and the relations of which in proportion to wages allow of logical appreciation.

Art. 8. — Article 30 of the law of April 9th., 1898 does not apply to the present law.

Infringements of the provisions of article 5 may be ascertained by the labour inspectors and shall be punishable as provided in article 14 of the law of April 9th., 1898.

This article dispenses the employers from the obligation of the public posting of the law in the forest. Otherwise it would be necessary for measures to be taken for preserving the notices which would seem to be unnecessary in consideration of the short duration of the work, always at the end of Autumn, and also of the large number of notices to be posted, which besides are little read by the parties concerned, who have other means of information.

Art. 9. — The present law shall come into force on the 1st. day of September following its promulgation. From date of its promulgation and during the first three months following, contracts of accident insurance, signed pre-

viously to such promulgation and relating to undertakings contemplated in the first article and not guaranteeing the risk specified by the legislation in force may be denounced by the insurer or the policy holder but only as far as concerns the risk contemplated in the present law.

The denunciation shall be made under the conditions and with the effects specified in the two last paragraphs of article 2 of the law of April 12th., 1906.

Art. 10. — Contracts covering the risks of the 1898 law and mixed contracts by which the insurer engages, on the one hand, to guarantee the policy holder against the risks of the law on accidents in work, if this is made applicable to all or part of the risks covered by the contract, and, in the contrary case, to cover the risk of his legal liability, may be denounced in the degrees, forms and terms contemplated in the preceding article. The denunciation of the policy holder shall yet remain without effect, if within the week after it, the insurer forwards him a rider expressly guaranteeing the risk contemplated and defined in the present law, without any increase in the premium.

On the expiration of the term of three months contemplated in the preceding article, the silence of both parties shall have the effect, without other formalities of rendering the mixed contract applicable to the risk determined by the present law.

The date of September 1st. seemed most reasonable for the putting in force of the law. If the sales of State wood begin in August and end at the end of October, the exploitation hardly commences before the beginning of October at earliest and then only in special forests, like the State forests.

Finally, with regard to the denouncing of contracts in course, it seemed advisable, on the one hand, to permit denunciation of such contracts only for the part of the risk contemplated by the present law and, on the other hand, to give those subject to the new risk who have already signed contracts of this nature, an opportunity of receiving from their respective insurers who should consent, without increased premiums, the guarantee contemplated in the bill. A similar situation had already presented itself with the extension of the law of April 9th., 1898 to all commercial undertakings, which induced Parliament to vote articles 2 and 3, which are reproduced almost in full in the new proposal. Let us add that the solution adopted raised no protest on the part of those concerned.

§ 6. *The Insurance Charges.*

The same will certainly be the case when the new law is promulgated. The readiness with which the wood trade has already faced the problem permits of our auguring well for the future.

On June 9th., 1909 at the National Wood Merchants' Congress held at Nancy, M. Frientz explained the working of the Mutual Accident Insur-

ance Society founded among the wood merchants of the arrondissement of St. Dié. Not only, said he, have many claims been paid, several of them heavy, necessitating the payment of 1,442 francs in pensions out of the 22,000 frs. capital, but also the premiums have been reduced and a reserve fund formed of the amount of 37,530.35 fr.

At the same meeting, M. Bérard stated that he had been for ten years president of an Employers' Liability Mutual Insurance Syndicate in Yonne, the premiums of which are calculated like those of the Mutual Society of Saint Dié, on the value of the lots and the syndicate gives every satisfaction.

These societies had only to provide against the risks consequent on article 1,382 of the Civil Code.

The proposal made to the Chamber in December, 1908 by M. S. H. Roblin now, by decision of the Board of Management of Waters and Forests of May 27th., 1909, article 66 of the list of charges on the exploitation of State forests, hastened matters.

At the same time as the insurance societies were preparing to cover the new risk the wood merchants' federation was studying the organization of an Employers' Liability Mutual Insurance Syndicate, which was authorized by Ministerial Decree of August 26th., 1910. The wood trade foresaw and accepted the extension, pure and simple, of the law of 1898 to forests, which led the general secretary of the federation to declare in his annual report, in May 1909: "We are among those who accept without murmuring the principle of the law in relation to forest exploitation."

The wood merchants, considering the extension of the 1898 law as settled, organised the form of insurance with joint and mutual liability, and although only the accidents occurring in the State forests could be compensated for, the first report published six months after the formation of the syndicate, on February 23rd., 1911, showed the adherence of 175 members who had paid 45,000 francs in contributions"(1).

The rate of contribution is fixed as follows:

(a) I. By the hectare, for wood purchased at less than 300 frs. the hectare (guarantee against the 5 following classes of risks) 3 frs. per hectare.

(b) In the case of purchase prices exceeding 300 frs. the hectare, guarantee:

Without carriage:

II. In the case of woodcutters with or without charcoal burners (90 %).

(1) At the General Meeting of the French Wood-Merchants' Federation, February 28th., 1912, the President of the Syndicate, anticipated a bonus of 25 % as the result of the first working year.

III. Of woodcutters with or without charcoal burners, with or without splitters of wood or sawyers of wood lengthwise, or loppers of branches, and all together (1.10 %).

IV. The same with the addition of men stacking the wood or lading it at stations or in harbours and all together (1.20 %).

With carriage:

V. The same as before with the addition of: carriage risks for removal of all wood from the declared lots except for that of transport of timber (1.50 %).

VI. The same as before including carriage risks for removal of timber (2 %).

VII. Lots in uneven or dangerous country: increase of .25 % for each of the above classes.

While inclusion within the terms of the law protects the wounded workmen and his family from poverty, the burden has not been so great as the employers feared. On September 21st., 1911, in the fifteenth ordinary annual meeting of the Syndicate Union of the Woodmerchants of the Vosges and Neighbouring Region, the President was able to say in his report: (1)

"The second year of work has been as good for the insurance companies as the first was generally speaking bad. The insurers, favourably impressed by these results, have been encouraged to reduce their rates. If at first it was difficult to find an insurer, to-day they are only too abundant.

"The Mutual Society X. . . which two years ago offered the most favourable conditions and, in spite of losses in the first year, has been very liberal in the settlement of claims, now proposes to return to its original rates, suppressing the slight increase introduced last year, and leaving the other conditions unchanged. The premium would be consequently 1.20 % of the net purchase price of the lots with an extra charge of 75 centimes for carriage or 6 % on the amount of wages including carriage, and 5 % on that amount without carriage.

Finally, the Director of the French Farmers' Syndicate and Mutual Accident Insurance Society has kindly come to inform us of the conditions of the Company he represents, which may be thus summarised:

Premium of 1 % on the net price of the lots for woodcutters.

Premiums of 1.15 % if splitters of wood and sawyers of wood lengthwise are included.

Premiums of 1.75 % if transport is included.

"Although this is a mutual society, its patronage by the farmers of France, its solid organization and the formation of an important reserve

(1) *Moniteur des Sciences*, October 5th., 1911.

fund secure it against any danger of being called on to pay supplementary premiums."

The amount of the wages to be insured will be understood when we say that in 1909 the exploitation of the State forests alone was carried out on 4,156 lots assigned to 1,759 contractors for an amount of 25,562,675 frs. and in 1910, on 4,286 lots divided among almost the same number of contractors for an amount of 27,586,297 francs, or for the first year wages amounting to more than 10 million francs, and for the next year to 11 million francs, if it be kept in mind that the forest contractors calculate the wages they pay at 4 % of the value of the wood to be felled.

Were the accidents numerous? There are no statistics to inform us, but a regional list of accidents that the reporter to the Chamber of Deputies was able to obtain by means of an enquiry made among the parties concerned, establishes that everywhere the 1898 law has worked normally and without difficulty. There is no doubt it will be the same in the future, in the new field of action which is to be opened to it.

APPENDIX.

*Extract from the Law of April 9th., 1898, on the Liability for Accidents
to Labourers in their Work.*

Art. 3. (*Amended by Law of March 31st., 1907*). In the cases contemplated in article 1, the workman or employee shall have a right:

In case of permanent absolute incapacity, to a pension equal to two thirds of his annual wage;

In case of permanent partial incapacity, to a pension equal to half the reduction in wages due to the accident.

In case of temporary incapacity, if the incapacity for work last more than four days, to an allowance per day, without distinction of working days, Sundays and holidays, equal to half the wage he was in receipt of at the date of the accident, unless this wage varied: in that case, the daily allowance shall be equal to half the average wage for the working days in the month preceding the accident. The allowance shall count from the fifth day after the accident; but it shall count from the first day if the incapacity for work last more than ten days.

The daily allowance shall be payable at the dates and place of payment usual in the undertaking, but the interval may not exceed sixteen days.

When the accident is fatal, a pension is allowed to the persons mentioned hereafter, from date of the death, under the following conditions:

(a) An annuity equal to 20 % of the annual wage of the victim to the surviving consort, not divorced or separated, on condition that the marriage be contracted previously to the accident.

This pension shall be lost by remarriage; in that case, an amount equal to three times that of the pension shall be paid as full compensation.

(b) to legitimate children or natural children recognised before the accident, and orphaned of one parent, being under 16 years of age, a pension calculated on the average wage of the victim in the proportion of: 15 % of this wage if there is only one child, 25 % if there are two, 35 % if there are three and 40 % if there are four or more.

For children orphaned of both parents, the pension paid to each of them shall be 20 % of the wage.

The total pension may not, in the first instance exceed 40 % of the wage nor in the second 60 %.

(c) If the victim has neither consort nor child, within the terms of paragraphs (a) and (b) any relation in the ascending or descending line who lived at his expense shall receive, in the case of the ascending line an annuity for life and, in the case of descendants, an annuity up to the age of sixteen years. These annuities shall be equal to 10 % of the annual wage of the victim, but the total amount of the annuities thus allowed may not exceed 30 %.

Each of the annuities contemplated in paragraph (c) shall be, if need be, reduced proportionally.

The annuities constituted in virtue of the present law shall be payable at the residence of the pensioner, or at the chief town of the canton where he resides and, if they are paid by the National Pension Institute, at the house of the overseer of the establishment named by the pensioner.

They are payable quarterly on falling due: yet the courts may order the anticipation of half the first annuity.

These pensions shall be not transferable and undistrainable.

Foreign workmen, victims of accidents, who cease to reside in French territory, shall receive as payment in full, a lump sum equal to three times the pension allowed them.

The same shall hold in the case of foreign heirs who cease to reside in French territory but the lump sum may not then exceed the current value of the pension according to the tariff in article 28.

Foreign representatives of a foreign workman shall receive no compensation if, at the moment of the accident, they were not resident in French territory.

The provisions of the three preceding paragraphs may, however, be modified by treaties, within the limit of the compensations contemplated in the present article, in the case of subjects of countries which guarantee our citizens equivalent advantages.

Art. 4 (*Amended by Law of March 21st., 1905.*). The head of the enterprise shall further bear the expenses for medical attendance and medicines as well as the funeral expenses. The latter are calculated at a maximum of 100 francs.

The victim may always choose his own doctor and apothecary. In that case, the head of the undertaking is not liable to such expenses beyond the amount fixed by the magistrate of the canton where the accident occurs, in conformity with a tariff fixed by decree of the Minister of Commerce in accordance with the opinion of a special commission including representatives of the doctors' and dispensers' syndicates, professional workmen's and masters' syndicates, societies insuring against accidents in work and employers' liability mutual insurance syndicates and liable to amendment only every two years.

The head of the undertaking is only bound in every case, beyond the obligations mentioned in article 3, for hospital expenses, which may not altogether exceed the charges fixed for the application of article 24 of the law of July 15th., 1893 plus 50 %, nor ever exceed 4 francs a day at Paris or 3.50 frs. elsewhere."

INSURANCE

GREAT BRITAIN AND IRELAND.

RECENT NEWS.

Miscellaneous Information.

1. — **Co-operative Cow Insurance Societies in England and Wales.** — In the May number of the *Journal of the Board of Agriculture* are given statistics of 22 co-operative societies in England and Wales, dealing with the insurance of cows and calves only, which were registered under the Friendly Societies Acts on December 31st., 1910. Besides these, there are a considerable number of unregistered societies of a similar character, generally known as "cow clubs," but statistics regarding them are not available.

The following table shows for the 22 societies the number of members and the number of cows and calves insured in 1910 :

	Members —	Cows and Calves Insured
Total	1,631	4,588
Average per society	74	209
Largest number in any one society .	331	1,329
Smallest number in any one society	12	14

The premiums received and compensation paid were as follows:

	Premiums Received	Compensation Paid
Total	£ 929	£ 983
Average per animal	4s. 0½d.	4s. 3d.

The total amount to the credit of the Insurance Fund increased by

£117 in 1910, as shown by the following statement :

Total Insurance Fund at end of 1909 . . £ 4,678

Receipts in 1910 :

Premiums and levies	£ 929	
Entrance fees	» 10	
Interest	» 103	
Sale of carcasses	» 64	
Donations and Subscriptions	» 14	
Other receipts	» 12	
Total	»	1,132
		5,810

Expenditure in 1910 :

Compensation	£ 983	
Other expenses	» 32	
Total	»	1,015

Total Insurance Fund at end of 1910 . . £ 4,795

The Act requires that the Management Fund should be distinct from the Insurance Fund, but some societies have improperly charged management expenses to the Insurance Fund. For 16 societies, insuring 4,017 animals, the following particulars relative to the Management Fund are given :

	Amount —	Average per animal insured
Management Expenses : Salaries	£46	
Other expenses	£49	
Total	£95	6d.
Income of Management Fund : Special contri- butions and levies	£75	4d.
Other receipts	£22	
Total	£97	

The smallest salary paid was 2s. 6d. and the largest £11 10s. in a club insuring 1,329 animals.

The expenses included small sums, such as 1s. or 1s. 6d. paid to the stewards or committeemen for attendance at meetings or visits to sick animals. To meet the management expenses it is usual to make a special levy of from 2d. to 6d. per animal.

For the 22 societies taken together, the surplus of assets over liabilities other than insurance liabilities at the end of 1910 was £4,812 (including the £4,795 shown as at the credit of the Insurance Fund). The greater part of this is deposited in the Savings Bank at $2\frac{1}{2}$ per cent interest. As the insurance contract with the members terminates every year this £4,812 represents a true surplus accumulated during past years owing to the expenditure being less than the income. It not only brings in a considerable sum in interest, but secures the members against the risk of having to make special levies on themselves in order to meet losses in excess of available funds. It amounts on the average to £1 1s. per animal insured, enough in itself to meet nearly five times the amount actually paid on claims during the year 1910. Every society has a reserve fund of this description, the smallest being £26 for 14 animals insured and the largest £1,176 for 1,329 animals. One club has a reserve of £1,050 against 585 animals insured.

For 17 of the societies statistics of mortality are available. As the rate of mortality to be expected is the most important question for an insurance society, we give the particulars for all the societies :

	Number of animals insured	Number of animals that died —	Rate of Mortality %
Mawdesley	53	0	0.0
Croston	14	1	7.1
Matfen	37	1	2.7
Tideswell	29	0	0.0
Whixall	1,329	24	1.8
Prees	585	15	2.6
Friskney	104	4	3.8
Hanmer	1,178	33	2.9
Wem	256	7	2.7
Sutterton	50	1	2.0
Hodnet	90	2	2.2
Middle Rasen	46	1	2.1
Normanton	29	0	0.0
Ellesmere	219	3	1.3
Saddleworth	38	1	2.6
Belsay	22	0	0.0
Burleydam	164	1	0.6
	<hr/> 4,243	<hr/> 94	<hr/> 2.2

During 1911 the average mortality for 4,231 animals was 2.6 per cent.

Eleven of the 17 societies insure cows only; six also insure calves. Usually calves are not insured under six months old, but one society insures them from three months old. Few societies have any rule against insuring cows above a fixed age, but one declines to admit cows over ten years of age, or to pay a claim on a cow over fifteen. The average mortality of 3,548 cows for the two years 1910 and 1911 was 2.2 per cent; for 689 calves it was 3.7 per cent.

The next point of importance is the amount the society will be called on to pay on the death of an insured animal. In the case of cows, six clubs pay the full value at the time the cow fell ill, up to a maximum of £10; one has fixed the maximum at £9, another at £12 and another at £14. Three clubs pay only three-fourths of the value, without limit; one pays four-fifths of the value, with a limit of £16. Most clubs have only one rate of premium for cows and one rule as to payment. Three clubs have three grades of premium and three corresponding grades of payment; for instance one club pays the value up to £12, £10, or £8, according as the annual premium paid is 6s., 5s., or 4s.

Where calves are insured, the amount payable is usually the value up to £5 or £3, or if the calf be under six or nine months old, a fixed sum of £2.

The actual amount paid in 1910 on 49 cows was £504, an average of £10 6s. per cow; on 12 calves it was £51, an average of £4 5s. per calf; for the 94 cows and calves paid for in 13 societies taken together it was £822, an average of £8 15s. per animal.

Taking into account the four societies where no losses occurred, we have 17 societies insuring 4,243 animals in which the compensation paid was £822, or 3s. 10½d. per animal insured. These 17 societies received in premiums and levies £837 or an average of 3s. 11¼d. As already stated the actual sum realised in all 22 societies on 4,588 insured animals was £929, an average of 4s. 0½d. per animal, and the actual sum paid in losses was £983, an average of 4s. 3d. per animal.

Premiums are usually payable quarterly, the commonest rate for cows being in the larger societies 4s. per annum, but two societies charge 5s. and 6s. and one as much as 8s. per annum.

All the societies have a rule that if at any time the funds are not sufficient to meet the claims the members shall be liable to a special levy per insured animal to make up the deficiency; in some societies the amount so leviable at any one time is limited to 1s. per animal insured. Societies which have accumulated a considerable surplus are fairly secure against the risks of ever having to make such a levy; in 1910, only two societies raised a levy, the amount in each case being 2s. per cow insured.

In addition to the quarterly premiums, it is usual to charge an entrance fee for each animal insured, the commonest rates being 6d., 1s., or 1s. 6d. per cow and 6d. or 9d. per calf, but one society charges 7s. 6d., and another 15s. per cow on entry.

The hides and carcasses of insured animals that die generally belong to the society. They fetched on the average about £1 per animal.

The members of these societies are mostly small holders and cottagers, as is indicated by the fact that the number of animals insured is only 2.8 per member.

To judge from the experience of the societies, it is possible for a community of small holders and cottagers, in any part of England and Wales which is not exceptionally unhealthy for cattle, to form a co-operative mutual insurance society, and insure each other from loss of their cows by disease or accident up to a value of £10 per cow, on payment of charges amounting in all to less than 5s. per cow per annum.

The large insurance companies which deal in live-stock insurance generally charge on dairy cows a premium of $7\frac{1}{2}$ per cent. on the value insured. One company has recently raised its rate from $7\frac{1}{2}$ to $8\frac{3}{4}$ per cent. At $7\frac{1}{2}$ per cent. a man insuring his cow for a sum of £10 payable on its death by disease or accident would have to pay to one of these companies a premium of 15s. per annum (which would not cover death from fire or lightning), as compared with the 5s. or less charged by these village cow clubs.

One reason for this great difference in cost of insurance is that, unlike the village club, the large company has to set aside something like 40 per cent. of its premium income to pay for commission, agency fees, veterinary expenses, clerical and expert staff, interest on capital, depreciation of buildings, and profit to shareholders. The main reason, however, is that, in their experience, about 6 per cent., on the average, of the dairy cows insured with them die every year, whereas the losses among cows insured in village clubs average only a little over 2 per cent. per annum.

Among the causes which have been suggested for this great difference in experience are —

(1) That a distant and impersonal company is more likely than a village club (in which the members know each other and each other's cows and all are interested in preventing any unfair risk to the society) to have doubtfully sound animals foisted upon it, and to suffer from careless treatment of sick animals or from excessive valuations of animals that may die;

(2) That the small holders' cow, being a precious possession always under the eye of its master and mistress, is more carefully watched, guarded and tended than the cow in a large herd, which is apt to be looked upon as a mere machine for the production of milk.

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2. — **The Agricultural and General Co-operative Insurance Society.** — This society was formed in 1908 under the auspices of the Agricultural Organisation Society. It affects all classes of farm insurance, especially fire insurance, acting for the most part through the medium of Local Committees, which assist it in valuing the risks and in estimating the compensation. The Local Committees are not usually specially formed for the purpose; most of them are the Committees of co-operative societies affiliated to the Agricultural Organisation Society, and of other local agricultural societies, which also act as Local Committees in connection with the Agricultural Co-operative Insurance Society.

The interest on the share capital is limited to 5 per cent. and the bulk of the profits is returned to the policy-holders in the form of bonus on the premiums paid.

In the few months during which the Society was at work in 1908, the premium income was £283 and no claims of any importance were made. The following are some particulars of the working of the Society in 1909, 1910, and 1911:

	1909	1910	1911
	£	£	£
Net premium income after deducting			
reinsurance	1,183	2,141	2,969
Net compensation paid	74	683	587
Net profit	399	758	1,428

In each of these years the Society has declared a 5 per cent. dividend on the shares and a 25 per cent bonus on the all the members' policies issued by the Society. On life-insurance policies, which are not issued directly by the Society, but can be effected through its agency, 5 per cent. bonuses were declared.

Of the bonuses and dividends one-third is paid direct to the member. The remaining two-thirds are credited to his account, being withdrawable only under certain conditions, and furnishing a special reserve fund known as the "personal reserve". Where the bonus is less than 2s. 6d., it is entirely placed to the member's personal reserve account.

In 1911, an additional 10 per cent. was placed to the personal reserve account of each member entitled to bonus. In that year, therefore, the bonus

really amounted to 35 per cent. The bonuses and dividends absorbed a total of £769, of which £254 was paid in cash and £515 to the personal reserve.

These sums being deducted from the available balance left £1,363. Of this, £1,141 was placed to the Fire Account and £46 to the General Account as reserve for unexpired liability, the remainder being carried forward to the next year's profit and loss account.

(Summarised from the Reports of the Agricultural Organisation Society for the years 1907, 1908, 1909 and 1910, and *Co-operation in Agriculture*, March 1912).

PART III.

CREDIT.

CREDIT

GERMANY.

I. — CURRENT QUESTIONS.

Life Insurance as a Means of Promoting Dismortgaging and Acquisition of Land.

Sources :

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- Law of July 27th., 1911 on the National Federation of Land Credit Institutes (in Hungary) (Translated in the *Bulletin of Economic and Social Intelligence*, February, 1912).
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§ 1. *Recent Applications of the Principle in Favour of Agriculture.*

The idea of guaranteeing payment of debts by means of the debtor's life insurance policy, after no little opposition on theoretical grounds and much hesitation in its practical realisation, has extended itself and realised itself more and more completely.

It is to solve the house problem that the widest application of the principle has been made of supplying the absence of a sufficient real estate guarantee by the opening of a credit secured by the payment of a certain sum on the death of the debtor, in case he has not succeeded in paying his debt during his life.

In many countries, especially in large cities where rents are high, both with the object of increasing the supply of new houses on the market so as to reduce the price, and especially of enabling the *middle classes* to ensure themselves of the possession of houses at a low price and thus save themselves from the heavy burden of excessive rents, credit institutes, institutes of public utility and private bankers have lent the necessary capital for the building or purchase of houses or mere apartments on the security of a life insurance policy, of an amount equal to the portion of the loan remaining due.

But in recent years this principle, capable of a wide application, has been also considered in connection with the interests of the agricultural classes in Parliaments, by capitalist societies for speculation and by large co-operative land credit societies (*Landschaften*).

In this article we shall give special attention to the interesting experiment made by certain Prussian *Landschaften* to attain, by means

of life insurance institutes of their own organization, the two principal objects of dismortgaging rural property and investing the money of the farmers who have insured their lives, to the advantage of agriculture and of those regions to which they belong.

But before entering upon this subject we wish to signalise other attempts of different aim and origin, but representing the application of the same principle in behalf of rural property. We wish to call attention to the law of July 27th., 1911 on the National Federation of Hungarian Land Credit Institutes, the French legislative experiment in accordance with the law of March 19th., 1910 on long credits in favour of small rural holdings, and, finally, the agreement between the Rhenish Mortgage Bank in Mannheim and the Karlsruhe life insurance society for the concession of loans to be repaid in instalments on life insurance policies.

§ 2. — Rural Credit Secured on Insurance Policies in French and Hungarian Law. An Italian Bill.

The principle of profiting by a life insurance policy in order to obtain agricultural loans has been sanctioned in France and in Hungary by recent laws and in Italy in a bill. By the *French Law of March 19th., 1910*, the agricultural credit societies have been authorized to grant personal loans at low interest, intended, according to the law, to facilitate the purchase, improvement, transformation and reconstitution of small farms, taking as security for these loans, not to be less than 8,000 frs. in amount, nor for a period of more than 15 years, either a mortgage or a life insurance policy. (Art. 2).

As we have already remarked, when dealing with this law (1) the insurance system was considered as an exceptional method of guarantee. The law wished chiefly to provide for the farmers who could offer a real guarantee. Only in carefully selected cases, according to the Ministerial comment on the law, when it is a question of a farmer who is not able to give a mortgage in guarantee of a loan and yet deserves credit on account of his honesty and industry and the certainty that he will use the money in the best possible way for the equipment of his farm, does the law authorize the land credit or real estate credit society to grant such a farmer loans on condition of his insuring his life in the National Insurance Institute for an amount, corresponding to that of the capital lent. Practice, rather than the law, which contains no absolute provisions, will settle

(1) *Bulletin of Economic and Social Intelligence*, April, 1911, Long Agricultural credit its Characteristics and its "Role," pp. 207-222.

the limits for the application of this means for obtaining credit. These limits may, on the one hand, be determined by the trustworthiness of the farmer applying for credit on the security of a life insurance policy ; on the other hand, by convenience and the possibility of the farmer supporting the burdens of the loan and of the insurance.

The principal object of the French law of 1910 was to bind the farmers to the soil by offering them the possibility of forming an economic position sufficient for their requirements and for those of their families and so to diminish the attraction of the city for the country labourers. The loans however, contemplated by this law, have for their object the placing of the farmers in a position to form for themselves a small farm or to enlarge one inherited ; to improve the land possessed by means of drainage, irrigation, etc.; change, for example, the method of cultivation in accordance with new conditions of the agricultural market ; or again to reconstitute a small farm destroyed by floods. Now, in all these cases and in many others, that might be given as examples, it is enough that the farmer, of known good character, should become a member of the local credit institute in order to obtain a loan, on mortgage or on his insurance policy, of the amount required for the accomplishment of the above ends.

It is to be observed also that the life insurance policy may not only serve as a substitute for the security on mortgage but may also serve to strengthen the latter. The application, however, of this new principle of life insurance to increase long personal credit, may be extended when all the necessary economic and social conditions are united to persuade the small farmers of the desirability of not abandoning their land for city workshops and of obtaining the desired farm by means of the sacrifices imposed on them both by the loan and by the life insurance contract.

The law of March 19th., 1910 is too recent for us to enquire into the results obtained : we must wait until it has been fully tried.

As to the application in Hungary of the principle of securing rural loans on insurance policies, we may refer to what we have recently published (1) on the National Confederation of Land Credit Institutes (*Magyar Földhitelintézetek Országos Szövetsége*). Founded in accordance with the law of July 27th., 1911, by the Government with the assistance of three credit institutes, this new financial body has for its object to assist the Hungarian people in the formation of small holdings, obtaining for them the means for the subdivision of property, settlements, building of labourers houses, purchase of public pasture land, and, lastly, the purchase of property and its dismorgaging by means of life insurance.

(1) *Bulletin of Economic and Social Intelligence*, February, 1912 ; compare also the same Bulletin, June, 1911. "Proposal for the Foundation of an Agricultural Bank in Hungary," pp. 213-214.

In the concession of these loans on the special guarantee of life insurance, the new institute, founded by the above mentioned National Federation of Land Credit Institutes, intervenes to arrange life insurance contracts with the First General Hungarian Life Insurance Society.

Let us lastly add, that, contemporaneously with the promulgation of these two laws in France and in Hungary, also in Italy the plan of substituting an insurance policy for a real security from the farmers has been contemplated.

On April 28th., 1910, the premier, the Hon. L. Luzzatti, presented a bill for the formation and preservation of rural holdings and homesteads; this bill would have authorized the Savings Banks, People's Banks, Pawn Institutions, and Credit Institutions to grant loans for the purchase of small holdings, from 1 to 3 hectares in area, or if of greater area of a value of not more than 3,000 francs. These loans might, according to the bill, have been of the amount of four fifths of the value of the property and have been guaranteed by a single premium life insurance policy, for the payment of the annuities still due at the debtor's death. This insurance might be contracted with the National Thrift Institute for Invalidity and Old Age or with the National Life Insurance Society (1).

Through the fall of the Luzzatti Ministry in the Spring of 1911, this bill never came to a vote. In any case it also serves to show the tendency of modern legislation to provide for the credit of small farmers, and the preservation or formation of their farms by means of life insurance policies in substitution or completion of security by mortgage on real estate.

§ 3. *Agreements of Mortgage Banks with Life Insurance Societies.*

The principle studied by us in this article has been practically realised in another way. We refer to the system adopted by the "Rheinische Hypotheken Bank" of Mannheim, which, in order to promote the dismortgaging of rural property by means of life insurance, about the end of 1910, entered into an agreement with the "Karlsruher Lebensversicherungs Act. Ges." By virtue of this agreement, debtors of the "Rheinische Hypotheken-Bank" may take out insurance policies on special conditions in order to pay their debts. This is the first example given by a capitalist institute that has provided for this association of mortgage loans and life insurance.

Although this arrangement is quite recent, it is the fruit of principles that have long been preached with apostolic fervor and conviction, derived from study and experience, by Dr. Felix Hecht, who has long been manager of this Bank. His idea that every generation must itself provide for the

(2) See art. 2 of the law in the *Bulletin of Economic and Social Intelligence* February, 1911, p. 208.

extinction of its own debts has not only been accepted by the Rheinische Hypothekbank, but also by the Government of the Grand Duchy of Baden. It was indeed the Minister for Home Affairs of that Grand Duchy who gave an impulse to the practical solution of the problem.

The Rheinische Hypothekbank has then preferred the method of letting a separate institute complete the insurance contract. This experiment also is of too recent date to allow of judgment being passed on it.

From the report of the Rheinische Hypothekbank on its work for the year 1911, no precise information can be derived and it only appears that use of this system of life insurance has been made in certain cases.

The example of the "Rheinische Hypothekbank" certainly does not stand alone, since such rural credit operations in combination with life insurance contracts have already been admitted in the Rules of other Banks.

Thus we know that the "Land Credit Society of Buenos Ayres and the Argentine Provinces" (*Crédit Foncier de Buenos Ayres et des Provinces Argentines*), founded at Paris, on September 27th., 1910 as a Society limited by shares, proposes as we read in its rules (art. 1. al. e), to arrange with insurance companies situated or represented in the Argentine Republic for the facilitation of the relief of debtors.

§ 4. *Provincial Life Insurance Institutes in Prussia.*

Although we have thought fit to call attention to various examples and modes of adopting life insurance policies to the service of land credit, with the object of showing how the idea has been accepted almost contemporaneously in various countries, yet it is to the Prussian provincial life insurance institutes, now federated together, we wish especially to turn our attention, on account of the economic and political importance of these institutes for agriculture and the money market.

The very opposition the private insurance institutes and the professional press representing them have made to this movement, justifies us in occupying ourselves somewhat at length with these new German institutes of public utility, explaining the objects the promoters propose to attain, the special conditions of their origin, and the first results obtained.

The idea of organising life insurance institutions, of public character, originated with the East Prussia Landschaft, which, in November, 1910, founded the first institute of the kind. Immediately afterwards in West Prussia, Pomerania, Posen and Silesia, other public life insurance institutes were founded on the initiative of the Provincial Administrations, with the adherence, sometimes of the Landschaften, sometimes of the Provincial Fire Insurance Societies. The foundation of similar institutes

also in other provinces is now contemplated. The separate institutes have united in a federation, recognised on the 24th. November, 1911.

It cannot be said that these institutes which have arisen almost simultaneously on the impulse given by the initiative of the East Prussian Landschaft, have all the same ends. The conditions are too different between province and province to allow of this.

The first institute was founded in East Prussia, principally to contribute efficiently to the dismortgaging of rural property, to use the capital in the insurance offices for the benefit of agriculture in the same Eastern Province, and finally to group round the powerful body, the East Prussian Landschaft, in continually larger number, the ranks of the farmers, and to unite them by a continually closer community of interests; the others, founded, in regions where the indebtedness of rural holdings is not great and where the usage of insurance is not frequent, have essentially different objects. They aim at developing thrift in the population, where private societies have not succeeded in overcoming the distrust especially of the farming classes, and at maintaining a certain balance in the investment of capital, distributing it equally in urban and rural mortgages, yet always maintaining the principle of preventing the emigration of money from the province in which it was made.

The limits of our article and the special task our *Bulletin* proposes to itself do not allow of our showing the special conditions under which the institutes arose in the various provinces and compel us to confine our observations to the initiative of East Prussia, which offers greater interest than any other on account of the importance of the agricultural problems it has attempted to solve.

Persons at the head of German agriculture had long had the idea of availing themselves of life insurance as a means of dismortgaging. After having been brought forward at the agricultural conference of 1894 and in the plenary meetings of the German Board of Agriculture of the years 1900 and 1901, it was discussed in 1902 in the Conference of the General Managers of the Landschaften.

With the object of attaining this end, — the dismortgaging of rural land — in 1907, the East Prussian Landschaft, among other provisions for dismortgaging, or at least for hindering further indebtedness, decided to have recourse to the means of life insurance (1). To this decision the

(1) In the 1907 meeting the following three systems for dismortgaging rural property were indicated :

(1) Grant of additional rural loans, fixing the limits of indebtedness ;

(2) Grant of mortgages, repayable by instalments by the Bank of the East Prussia Landschaft, without fixing of the limits of indebtedness.

(3) Grant of loans together with life insurance policies, also without fixing the limits of indebtedness.

East Prussian *Landschaft* was induced by alarm at the heavy debt on agriculture in that province. But if it is now recognised as a fundamental principle of modern rural economy that the dismortgaging of rural property must be facilitated, this must appear in full force in East Prussia and in a degree to call for a multiplicity of means adequate for the various circumstances.

Whether it is a case of a loan for purposes other than production, that is of a loan contracted by means of mortgage for objects other than the improvement of the property, or a debt contracted for the transformation of the productive conditions of the property, in any case, the debt must be extinguished within a longer or shorter term, so as not to deprive the property of the possibility of new investment of capital for such works as in future may be rendered necessary.

On the other hand, the existence of a debt obliges the proprietor to the working of a property, which, in part, to the degree of the debt contracted, may be said to be fictitious property, as the indebted proprietor is almost a mere administrator, to the degree of his debt, of the property of his creditor, and the administration of the property of another with the obligation of paying the creditor a certain fixed interest is very often a difficult and dangerous work.

Therefore, in the course of the last century there was a large development of land credit organizations for the specific purpose of the gradual extinction of debts on mortgage.

But sometimes it is not enough that a loan should be extinguished within a stated term of years, by a system of instalments, calculated on the intrinsic character of the farm mortgaged, according to the technical and economic nature of the operations to be accomplished with the capital borrowed.

Often the personal element must be considered, as the conditions of a farm vary according as it belongs to one or another proprietor. A farmer receiving a loan to carry out a work of agricultural transformation on his own land may have so acted, trusting in his own technical capacity, his personal energy and merits as administrator and farmer, considering himself capable of working the farm in such a way as to be able to defray the expenses involved in the maintenance of his family and at the same time pay the interest each year and a large annuity and so, after a certain period, extinguish his debt and complete the improvement of his farm. If there had been another farmer in his place, he might be technically incompetent and not rich enough to pay off such a loan while at the same time providing for the needs of his family. Under such circumstances the sudden death of the head of a family who had undertaken a profitable work trusting in the plenitude of his own resources, may bring his household to ruin. None of the money lent by the Credit Institute will be lost, if, as usually happens,

the prudential limits have been observed that every bank imposes on itself. But for the heirs, the engagements undertaken by their father will be a cause of ruin or a serious burden they will hardly be able to support for long.

All these considerations serve as basis for the thesis that every landholder should if possible pay off the debts he himself has contracted, maintained by Dr. F. Hecht in several of his writings on the general principle that every generation should pay off the debts it has itself contracted. (Jede Generation hat die Schulden zu tilgen, die von ihr aufgenommen worden sind)(1). If it is clear that it is often advisable for a landholder who has borrowed for a productive purpose, to provide for the repayment of his debt, we need add nothing more to show the economic and moral necessity that he should pay off his own debts when contracted for his personal requirements or for those of his family, because this corresponds to a very widespread sentiment and is the economic understanding on which long credits are granted. If it were not, in fact, with the hope of paying the loan why burden the farm with a heavy debt instead of selling the whole or part to satisfy personal economic requirements as soon as favourable conditions of the market allowed? Yet to pay off the whole of one's debt it is not enough to undertake to pay even large instalments, because death may surprise even the most robust before the gradual extinction of the debt be quite completed. Life insurance may, however, in any case, meet the necessity, since the repayment of the whole loan is made no later than the debtor's death.

But the East Prussia Landschaft had also other specific ends in view in founding a public life insurance institute. First of all, the concentration of all the funds collected by the life insurance institutes, in favour of rural property and especially of property in the province to which the policy holders belong.

The life insurance societies may be considered as savings banks, with the sole difference that the amounts deposited in the latter are received and withdrawn within comparatively short periods, while in the insurance societies the money collected as a rule remains for almost the whole of a man's life. The financial resources of the insurance institutes are really immense and their great importance is recognised by all. But how do the private insurance societies invest their capital? With their Boards of Management in large urban centres, and especially in Berlin, these societies naturally tend to invest their capital in urban mortgages. According to the Statistics published by the Imperial Office for the Supervision of Private Insurance Institutes, at the end of 1909

(1) See Hecht, Dr. Felix: *Der Europäische Bodenkredit*, vol. I. Leipzig: Humblot, 1900. page 11.

out of a total of 4.75 milliards belonging to 43 German Life Insurance Institutes, 3.68 milliards were invested in urban and rural mortgage in the following proportions :

Property —	Number of Loans —	Amount of Loans — Marks	Percentage —
Rural	652	42,165,000	1.1 %
Urban	35,736	3,637,901,000	98.9 %
Total . . .	36,388	3,680,066,000	100

It is enough to cast a glance at these figures to see the enormous disproportion between the urban and rural investments, certainly not corresponding with the proportion of the business done among the city and country populations. The insurance societies then are a cause of a considerable diversion of capital from the country to the city, causing no small injury to the interests of agriculture.

Therefore it is an action of great political, economic and social importance that the East Prussia Landschaft has proposed to exert. Founding a provincial life insurance institute, it has wished to arrange that the capital derived from savings in East Prussia should find investment in the province in which they were produced and especially in loans in favour of rural property.

The consequences of this policy will escape no one : on the one hand there is an increase in the amounts available for agricultural purposes, on the other hand the influence of the Landschaft will grow constantly greater, as it sees the field enlarged in which it can directly or indirectly exert its influence.

With the foundation of a public life insurance institute, the Ostpreussische Landschaft expects to realise also other ends : the extension of insurance among the people and the reduction of its cost.

The Private Life Insurance Societies, according to Dr. Kapp, General Manager of the East Prussia Landschaft, have devoted their attention to the problem of popular insurance without being able to solve it. Only public institutes may hope to extend the use of this kind of insurance with more success than has hitherto been attained.

Again this Institute finds no small hope for its development upon the possibility of transacting life insurance business, while economising the cost of working as compared with that of private societies.

Public insurance institutes have the great advantage of availing themselves of public functionaries, already established in the various districts of each province, as their agents, such as those of the provincial fire in-

insurance societies, the Landschaft employéés, or the agents of rural co-operative societies. Hence there would be a large reduction of the costs of administration. On the other hand private societies, in fierce competition with each other, must support heavy expenses in extending their *clientèle*.

The remuneration given by the East Prussia Institute to its agents is very small. Two types of insurance have to be distinguished: that contracted with the Landschaft by mortgagers, who may insure by simple payment of the instalments of their debt, without any increase in the amount of these instalments; and the other type of ordinary insurance, not associated with the payment of debts.

For contracts of the first type the agents of the institute receive a commission of 5 % on the amount insured; for the other contracts they receive $9\frac{1}{2}$ %.

If on the other hand the agent's charges in private societies are considered, we find that they amount to 20 % of the amounts insured (and in certain new undertakings they rise to even 60 %). Besides this, private societies have to bear an expenditure of 2 % on the premiums, for their collection each year. Calculating on the basis of these figures we see at once that these societies have to bear considerably heavier burdens.

In contracts for an amount of 10 million marks, 6 millions represent contracts by means of instalments in payment of a debt and 4 millions independent insurance. The East Prussia Institute has then to pay agency expenses to the amount relatively of 30,000 and 38,000 marks: if we add to these 62,000 marks for general expenses, we have a total expenditure of 130,000 marks.

In private societies on an insured amount of 10,000,000 there is an agency charge of 200,000 mks., for the contracts and 120,000 marks for collection of the premiums, which it is supposed are equal to 40 % of the amount insured and are collected in a period of 15 years: therefore together an expenditure of 320,000 mks.

Therefore the expenditure of the East Prussia institute is 190,000 marks less than that of the private societies.

These then are the fundamental reasons that have induced the Landschaft to found a public life insurance institute with a capital of 1 million in $3\frac{1}{2}$ % *lettres de gage* of the Landschaft itself. This capital becomes the property of the Institute without the Landschaft having any claim to repayment, except in the case of the liquidation of the Institute. The new Institute was founded without contributions from the province.

This institute transacts various classes of insurance business.

(a) Life insurance of landholders who are debtors to the Landschaft: the annual premiums consist of the instalments of the debt, without any increase in its amount (*Tilgungsversicherungen*).

(b) Ordinary insurance, either of farmers or others.

These operations may be for insurance payable *at fixed date* or *at death*, of *mixed character* or *annuities*.

The work of this Institute during its first year is seen in the following Statement for December 31st., 1911.

Number of Contracts Proposed	Amount Assured (marks)			
	Insurance by Means of Instalments of Debt	Independent Insurance		Total
		Farmers	Non-Farmers	
733	9,882,200	—	—	—
139	—	1,631,800	—	—
160	—	—	1,169,000	—
Total. . . 1,032	—	—	—	12,683,000
Withdrawn . . . 64	660,800	104,000	27,000	791,800
Rejected. 77	746,050	57,500	142,000	945,550
Total . . 141	1,406,850	161,800	169,000	1,737,350
Accepted . . 716	—	—	—	8,672,200
Under Consideration 175	—	—	—	2,273,450
Contracts Matured. 327	4,526,500	1,745,400	813,000	—
128	—	—	—	—
104	—	—	—	—
Total . . 569	—	—	—	7,084,900

Marks

Average amount of Matured Insurance

(a) Generally	12,451
(b) Insurance by means of Instalments of Debt.	13,843
(c) Independent Insurance of Farmers	12,648
(d) Independent Insurance of Non- Farmers	7,817

In a total amount of 7,084 900 marks, we see, therefore, that 6,271,900 marks represent the amount of insurance contracted by farmers and

4,526,500 marks contracts the effect of which will be to contribute directly to the dismorgaging of land.

§ 5. *The Federation of the German Public Life Insurance Institutes.*

The public insurance institutes founded in the five provinces of East and West Prussia, Silesia, Pomerania and Posen offer several advantages. Above all may be mentioned those due on the one hand to the existence of local bodies that may effectually contribute to extend the confidence of the people in the institute; on the other hand the possibility of investing the reserve premiums under the immediate control of the administration within the sphere of the province itself.

But these institutes would suffer from a serious technical drawback, due to the limitation of their field of operation if they had not decided to federate so as to extend their risks over a larger field.

By means of this federation the mortality risks are distributed as in the case of a single insurance society, the federation uniting in itself the activity of all the already existing individual institutes. The gain or loss due to a greater or less mortality than was anticipated must be, however, distributed among the single institutes in the proportion in which the risks were distributed among them at the start. The individual institutes have not to bear the burden due to the mortality really occurring in their department, but the costs must be distributed in proportion to the risks that were assigned to each institute.

With regard to its other special duties, the Federation may directly transact insurance business in those parts of Prussia in which there are not yet provincial insurance institutes. It inspects the work of the individual institutes, supervises the medical examinations, examines the insurance contracts from the technical point of view for the selection of risks, calculates the premium reserve, draws up mortality tables on scientific principles for the information of the individual institutes, promotes and defends the common interests of the federated institutes.

The principal task of this federation is the foundation of a reinsurance society to render the federated institutes independent of the private reinsurance societies which have tried to boycott them, so as to prevent their working, through want of any possibility of reinsurance.

Therefore, the reinsurance society "Deutschland" has been founded, in the form of a society limited by shares, with a capital of 3 million, and not as a public institute, in order that it may have more success in exerting its action also on the international market, so as to distribute as widely as possible, the variations in the risks of the individual insurance institutes.

The Federation of the Public Insurance Institutes is placed under the supreme supervision of the Prussian Minister of Home Affairs, who has the right to be represented at the meetings of the Management of the Federation and to order inspections of its work.

The initial capital of the Federation is fixed by the rules at 1,500,000 marks provided by the individual institutes adhering, partly in money, and partly in bonds. For the first five years this capital pays no interest and afterwards an interest of $3\frac{1}{2}\%$ on the part really paid up.

The expenses for the administration of the Federation are distributed annually among the separate federated institutes.

§ 6. *Some Methods Proposed or in Use for Life Insurance for the Advantage of Agriculture.*

After having mentioned the recent applications in various countries and for manifold purposes, of the principle of life insurance for the advantage of agriculture and having referred to the initiative of the East Prussia Landschaft, let us consider the technical difficulties that it has been attempted to overcome in order to render possible such insurance contracts for the payment of rural loans.

Until people thought of facilitating dismortgaging, by adding to the loan payments (interest and instalments), the charge of life insurance in the form of a simple or mixed contract, no hope could be nourished of realising such a system.

Dr. Felix Hecht, who, as we have mentioned in the course of this article, had given particular attention to the study of this problem, had already thought of solving the difficulty by means of life insurance, not for a sum corresponding to the entire loan but for that part of the debt contracted remaining due at the moment of death, after deduction of the instalments of the debt previously matured.

In Dr. Hecht's system, therefore, the insurance institute sees the amount to be paid in case of the death of the policy holder reduced from year to year.

For the insurance of such a variable and decreasing amount it will be understood that the premium to be paid must be low enough, because the society in face of the risk of having to pay an amount which continually decreases with the lapse of time, has also the possibility, in case the debtor succeeds in paying off his debt, of not paying any amount, after having collected the premiums for a long series of years.

Dr. Hecht calculated that for a loan of 10,000 marks contracted by a person thirty years old with the engagement to pay it off in instalments in 15 years, the following costs would have to be borne :

1. Interest	400 marks
2. Instalments	450 »
3. Premiums	141 »
	<hr/>
	991 »

Especially in the case in which the insurance society guarantees the repayment of a loan of essentially personal character, an insurance contract is necessary with a single premium to be paid at the moment of insuring. This has been laid down in the French and Hungarian laws, which, as we have said, provide for the needs of small farmers.

A very practical method of facilitating the payment of a single premium for the insurance of a given sum lent has been proposed by the Manager of the Caisse Générale d'Épargne et de Retraite (*General Pension and Savings Bank*), in Belgium, F. Hankar, who, to facilitate insurance as a means to the concession of loans, suggests the repayment of a single premium by the credit institute to the insurance society. In this way the credit institute advances the borrower the amount required plus the amount necessary for the assurance of an equal sum. The debtor thus has to pay yearly to the institute of credit not only interest and sinking fund for the capital received by him, but a fraction of the single premium paid by the institute to the insurance society.

We might mention other systems proposed and applied ; but we do not wish to enter into an examination of them as it would exceed the scope of this article.

We shall only say once more that the Institute founded by the East Prussia Landschaft has attempted to effect the dismortgaging of land by using the same sums that previously served for the extinction of the debt, to pay the insurance premiums. Thus the sinking fund payments have been replaced by insurance premiums, and thus the result is obtained that even the land of those debtors is dismortgaged who die immediately after contracting their loans.

II. — RECENT NEWS.

Institutions of Social Insurance as Institutions of Land Credit. — We know that the private and social insurance institutions and societies have served to concentrate enormous sums of money in the hands of a very limited number of boards of management. These insurance institutions necessarily compete with the banks in the investment of capital, which they invest partly in State and communal bonds and partly in mortgages. Since their investments, and especially those of social insurance require very solid guarantee, in order to run no risk even in time of war, it is evident that in many cases the insurance institutions must prefer land security, even to the Government securities of the Empire or the States.

The Deputy, H. Potthoff, has recently made interesting calculations of the amount of this capital invested both in urban and rural mortgages.

We have only accurate information as to the investment of the capital of the invalidity insurance institutes.

Thus, we know that in 1906, 287 millions of marks, or 21.8 % of the capital of these institutions had been invested in mortgages, etc., and in 1909, 383 millions, or 24.2 %, were invested in the same manner. But it is not only this amount that is invested in land credit ; of the 500 millions these institutions have lent to the communes and the 10-20 millions lent to the savings banks, a very considerable amount is invested in mortgage bonds. The Imperial Insurance Code having increased the number of the insured and the claims of necessity increasing in consequence, it is probable that in ten years the capital invested in land securities by the insurance institutes will amount to a milliard.

As to the co-operative societies, for social accident insurance, their importance for land credit is less. However, Potthoff calculates that their capital was 500 millions, at the commencement of the year 1910, and that 20 % of this or 100,000,000, was invested in land credit, and that in all probability, this proportion will be increased in the future.

The whole capital of the sickness insurance institutions is only 300 millions and is little susceptible of increase. Some millions of marks only are invested in land securities.

The insurance of private employees will have a very great effect on land credit. Since the total annual premiums will be from 180 to 190 million marks and since the payments made by these institutions in their earlier years will not be very large, we may presume that the total capital will be at the end of 1912, 1½ milliards, more or less. A fourth part of this amount must be invested, according to the law, in Bonds of the Empire and of the Federated States. The rest will be reserved in large part for investment in land credit, so that the board of management will have in 1922 a milliard of marks of land securities.

Summing up these amounts, Potthoff calculates the capital invested in 1912 and in 1922 by the social insurance institutions in land credit, as follows :

	1912	1922
Invalidity Insurance	400	1,000 millions
Accident Insurance	100	200 „
Sickness Insurance	20	50 „
Insurance of Private Employees . . .	—	1,000
	520	2,250 millions

Without entering here upon a criticism of the system pursued in his calculations by a man of the Deputy H. Potthoff's competence in the matter of social insurance and only considering the results arrived at, we see evidently from these figures that German land credit will be very seriously influenced by these investments, the rate of interest on mortgage will necessarily fall, through the large supply of capital, and although the greater part of these sums must be still invested, as now, in urban mortgage, it is indubitable that also rural land credit will benefit.

(Summarised from Heins Potthoff: "Soziale Versicherung und Hypothekenmarkt", in Bodenreform, 1912, May 20th., No. 10).

CREDIT

ARGENTINA.

CURRENT QUESTIONS.

Law Reforming the Organisation of the National Mortgage Bank.

Introduction.

The National Mortgage Bank, founded as we have already said (1), by the Law of September 26th., 1886, has just amended its rules. In 1910 the Financial Commission of the Chamber of Representatives presented a report on a bill for the reform of this Bank and the bill was passed in the first reading, on August 31st., 1910.

It was not, however, until September 1st., 1911 that the Chamber finally passed it as Law No 8,172 after the introduction of many amendments.

And since we had not an opportunity, when we spoke of the institution of land credit in Argentina, let us now briefly consider the organization of this Bank, especially after the passing of this new law.

We must first of all mention the special favours it has received from the Government. It has been exempted from any National or Provincial tax on the securities it issues and the real estate it holds. Further, it has been granted the monopoly of the issue of notes of hand on mortgage of real estate in the capital and in the territories of the Republic, though the provincial governments may always authorize the foundation of mortgage banks within the limits of their provinces.

The Government guarantees interest and sinking fund on the notes of hand issued by the National Mortgage Bank as well as the deposits in the Savings Bank founded in connection with it.

(1) See Bulletin of Economic and Social Intelligence, 2nd year No. 8, pp. 184-186, 194.

It has, finally, also granted it the advantage of a special rapid procedure for collection of its debts, with which we shall deal later on. This Bank may therefore be considered as privileged and under the high protection of the State. According to the law founding it, the Bank, which is administered by eight salaried directors holding office for four years, may conduct the following operations: (1) issue notes of hand for an amount not exceeding the total of that of its mortgages; (2) grant, by this means, loans on mortgage on rural real estate within the territory of the Republic and also on urban real estate in order to encourage the building of cheap dwelling houses; (3) grant loans in money on real estate within the territory of the Republic; (4) accept deposits of an amount between 1 and 10,000 pesos on condition of giving notes of hand for them.

The notes of hand in question must be to bearer and issued at par. They will bear interest at a fixed annual amount not exceeding 6 % and 1 % sinking fund shall be paid on the principal they represent. The Banks' right of issue which, by law of September 24th., 1886, was 50,000,000 pesos, has been successively raised to 160,000,000 and 300,000,000 and, finally, by this law, to 500,000,000 pesos.

Besides being extinguishable by means of the sinking fund referred to, these notes of hand may be redeemed by being drawn for by lot, if their value is at par or above, or by purchase or auction if it is below.

Loans, which by the old law could not be for less than 5,000 pesos, may now be made even for 1,000 pesos. This amendment has important consequences and favours the small holder and métayer.

Proprietors who desire loans on mortgage by means of notes of hand must not only define the land offered in mortgage but also give proof that it is entirely unencumbered. Then the Bank has it estimated at the owner's expense. Those who obtain loans are bound to guarantee repayment: they are liable to the extent of all their property in addition to that now mortgaged. The loans shall be repaid in fixed annuities — in money of legal currency or in notes of hand of the series corresponding to the land bonds created at the date of the loan.

These annuities include, besides interest and sinking fund, a commission of 1 % on the amount of the loan for the first third of the period of repayment, $\frac{1}{2}$ % for the second third, and $\frac{1}{4}$ % for the last. The original law by which the Bank was founded imposed a commission of 1 % for the whole period of the loan. The Bank has a reserve fund formed by the accumulation of 50 % of its net profits. The capital for loans in money is to be drawn from this fund. Loans can only be granted on second mortgage when the Bank already holds the first mortgage and when the amount does not exceed 25,000 pesos.

If the debtor has not paid his annuity 80 days after it is due, the Bank is empowered to proceed, without any legal formality, to seize the revenue

of the mortgage property, and even to sell the estate by public auction. In settlement of the debt there must be paid, besides the principal, also interest at 8 % to date from the maturity of the first unpaid annuity up to date of settlement. But if the amount of the sale does not cover the Bank's claim, it may proceed to sequester the debtor's estate, for as we have said, he is liable to the amount not only of his mortgaged property but to the extent of his whole estate.

However the debtor or his heirs will have a year, from date of the awarding of the property to the Bank within which to protest ; after that they must pay into the Bank in full, in money, the whole amount due to it, together with the costs, plus the interest at the fixed rate of 8 % per ann. Such is in outline the form that the new law has given the National Mortgage Bank. The reader will find below the full text of this law.

ARGENTINE REPUBLIC.

ORGANIC LAW (Nº 8, 172) ON THE NATIONAL MORTGAGE BANK.

The Senate and the Chamber of Deputies of the Argentine Nation assembled in Congress, decree with force of Law :

Art. 1. — From date of promulgation of the present law the National Mortgage Bank, founded by law, 1904 of September 24th., 1886, shall be regulated by the provisions of the present Law.

Art. 2. — The operations of the Bank shall consist :

Paragraph 1. — In the issue of transferable notes of hand of credit on mortgages passed in its favour.

Paragraph 2. — In the issue of mortgage loans in the form of notes of hand, on conditions established in each case by the present law and in conformity with the regulations of the Bank :

(a) on land situated within the territory of the Republic, with the character of ordinary mortgage loans :

(b) in successive instalments, for building purposes in the federal capital, the provincial capitals, the capitals of the national territories and towns of over ten thousand inhabitants.

These loans shall be granted within the limits that in due time shall be fixed by the Managing Committee, for each branch or agency and within the limits of the proportion laid down in article 55, the Bank having the power to retain a percentage of the amount of the loan in order to hand it over at the moment the building shall be completed.

(c) special building loans (in instalments, to small holders, in the federal capital, the provincial capitals, the capitals of the National Territories and towns of more than 10,000 inhabitants, to an amount not exceeding 6,000 pesos, national money.

These loans may amount to 60 % of the estimated value.

(d) Loans for buildings to landowners accepting the conditions of the Bank relative to the building of workmen's dwellings. These loans may amount to 60 % of the estimated value.

(e) on vineyards in cultivation for at least four years: These loans may not exceed 50 % of the value of the property mortgaged.

Paragraph 3. — In the concession of loans on mortgage, especially under the conditions of the present law and regulations, out of the funds mentioned in article 4 :

(a) on property situated within the territory of the Republic, extinguishable in instalments or not, for a term not exceeding 5 years and for amounts not exceeding 20,000 *pesos*.

(b) from 500 to 1,500 national *psos*, for the facilitation, at the residence of private persons, of the carrying out of works of definite improvement of health conditions within the Republic, in conformity with an estimate, but for a term not exceeding five years, extinguishable in instalments or not.

These loans may only be granted on second mortgage of property already mortgaged to the Bank, when the interest has been paid and all obligations fully discharged.

Paragraph 4. — In the recovery of interest to be paid by the mortgagors.

Paragraph 5. — In the acceptance of deposits in the Savings Bank of from 1 *peso* to 10,000 *pesos*, on condition of giving notes of hand for them.

Paragraph 6. — In the payment, at a fixed date, of interest and sinking fund on its securities.

Paragraph 7. — In the purchase and sale of notes of hand for the account of others and purchase of the same for its own account.

Paragraph 8. — In purchase of property for the use of the Bank, as also in sales it may consider necessary, and in sale by auction, under the form it shall judge advisable, of property that shall be awarded to it or it shall have received from its debtors.

Art. 3. — The Bank may increase its present circulation up to 500,000,000 *pesos* in notes of hand, with the approval of two thirds of all the members of the Managing Committee and the consent of the Executive Authorities. Any increase shall be made in instalments not exceeding fifty millions each.

Art. 4. — For loans in money the Bank may utilise its profits, with the exception of the portion to be assigned in accordance with the present law to other objects.

Art. 5. — The reserve fund of the Bank shall consist of fifty per cent of the amounts collected included under the head of net profits.

This reserve fund may be invested in the national funds at the moment and to the amount fixed by the Managing Committee.

Art. 6. — The Nation guarantees the payment of interest and sinking fund on the notes of hand issued by the National Mortgage Bank as also the deposits in the Savings Bank.

Art. 7. — The Bank will act in the Capital of the Republic and will have branches in the Capitals of the Provinces and of the National Territories. It may establish these branches or agencies in other places in the State where the Management shall judge convenient.

Art. 8. — The Bank shall be managed by a Managing Committee, the members of which shall be appointed by the Executive Authority with the consent of the Senate. The Managing Committee shall be composed of a President who shall represent the Bank and be the head manager, holding office for four years, from date of his appointment and of eight Directors who also shall hold office for four years and half of whose number shall be renewed every two years on August 31st.

The Managing Committee shall proceed to appoint a Vice President, who shall act for the President in case of his resignation or absence, or when he is in any other way prevented from acting.

Five members of the Managing Committee shall form a quorum and the resolutions, except in cases provided for under the present law, shall be passed by a majority of votes.

The President and Directors may be re-elected.

Nobody receiving allowance, salary or periodical remuneration from the Government may be a Director of the National Mortgage Bank.

Art. 9. — The salary of the President of the Bank shall be fixed at 3,000 *pesos*, national money, per month, and an allowance of 9,000 *pesos*, national money, shall be distributed monthly among the members of the Managing Committee in proportion to the services they render.

Art. 10. — The President and Vice President of the Bank shall be Argentine citizens, and the Managing Committee may not include more than two foreign citizens.

Art. 11. — The Managing Committee shall decide, by a majority of votes, on the applications for loans coming in from every part of the Republic: yet when the amount of the loan exceeds fifty thousand *pesos*, two thirds of the votes of the members present shall be required for the granting of the application.

Art. 12. — The Managing Committee may release its debtors and come to arrangements with them, on its own authority, and accept any sort of property in payment of their debts that the Bank may judge suitable.

For the passing of resolutions of this kind which shall be entered in a special book of minutes, two thirds of the votes of the members present shall be required.

Art. 13. — The President shall appoint the employees of the Bank. The Manager, the General Inspector, the General Secretary, the Accountant, the Treasurer, the Legal Advisers, Notaries and Experts shall be appointed by the Managing Committee on the proposal of the President: the managers of branches or of any other new division which may be established in the Bank shall be appointed in the same way.

Any proposal shall be made within five days after the office becomes vacant.

The Managing Committee shall prepare the yearly estimate for salaries and expenses and submit it to the Executive Authority before the 1st. of April of each year.

Art. 14. — The Managing Committee shall prepare the necessary regulations for the execution of the present law and shall submit them for approval to the Executive Authority.

Art. 15. — The Managing Committee shall publish monthly balance sheets of the Bank and at the end of each year shall forward them to the Executive Authority with a detailed report of the progress of the establishment.

Art. 16. — The President of the Bank shall not be subject to examination in legal processes, he shall only reply in writing to questions from the judge.

Art. 17. — The notes of hand shall be to bearer and shall bear a fixed annual interest not exceeding six per cent. All notes of hand given by the bank shall pay, in addition, 1 % sinking fund.

The redemption of the notes of hand shall be by means of purchase or auction when under par and by drawing when over.

Art. 18. — The amount of the notes of hand in circulation may not exceed the total of that of the mortgages. Any note of hand which, in consequence of extinction of the debt, payment of the capital before maturity or redemption, has returned to the Bank shall be considered as withdrawn from circulation.

Art. 19. — The issues of notes of hand shall only vary in their rates of interest. All notes of hand already put in circulation by the Bank shall continue in force, as at present, without any change, until the expiry of the corresponding contract.

Art. 20. — The notes of hand shall represent amounts not above 5,000 or below 25 pesos.

Art. 21. — The Bank may receive in deposit, free of charge, its notes of hand issued on mortgages.

Art. 22. — On the note of hand shall be indicated the rate of interest and sinking fund and the dates for payment. It shall be sealed with the seal of the Republic, and shall bear the date of its issue and facsimile of the signatures of the President of the Bank, of one of the Directors and the

Secretary : further, it shall very clearly show the rate of interest at which it is issued and the words "Cedula Hipotecaria Argentina"; on the back shall be printed the articles of the present law referring to notes of hand.

Art. 23. — The note of hand service shall be performed by the Bank itself, in the Capital of the Republic, at the branches, agencies or other places the managing committee shall designate in the interior of the country. This service may also be performed, after agreement with the Bank of the Argentine Nation, by the Branches of that Bank. When the Managing Committee of the Bank, in agreement with the Executive Authorities, judges suitable, the interest on the notes of hand may be paid abroad.

Art. 24. — Redemption of the notes of hand shall be effected in proportion to the redeemable amounts corresponding to them, according to the rate of interest on each. In the redeemable amounts there shall be included, in addition to the natural increase by means of interest, the amounts collected in money, in advance or in consequence of the cancellation of loans. The Bank may increase the redeemable amounts.

Art. 25. — The notes of hand shall be issued at the amount shown at par, on security of first mortgage on one or more landed estates, unencumbered and situated within the territory of the Republic.

Art. 26. — The rate of interest on the notes of hand and the dates for their payment shall be fixed by the Managing Committee.

Art. 27. — Notes of hand drawn for by lot shall cease to bear interest from the date fixed for their payment.

Art. 28. — The Bank cannot refuse payment of the notes of hand drawn for, nor of interest on them, nor allow the opposition of third parties to their payment without an order from the competent authority.

Art. 29. — The drawings shall always be arranged by the Central Establishment three months before the day appointed for payment. The results of the drawing shall be published in the capital of the Republic, in the branches and in the agencies.

Art. 30. — The drawings shall be public, they shall take place in the presence of a quorum of the Managing Committee, and a report shall be entered in a special register signed by all present.

The notes of hand drawn shall be burned according to the same formalities.

Art. 31. — Persons forging notes of hand of the National Mortgage Bank shall incur the same penalties as coiners of false Argentine money.

Art. 32. — The National Mortgage Bank shall be exempt from all National or provincial taxation on the securities it issues, as also from stamp duty in legal proceedings, business operations and deeds to be completed before the federal and ordinary courts of the capital.

The real estate belonging to and serving as the head office or branch offices of the Bank shall also be exempt from all National or provincial taxation.

Art. 33. — The loans granted shall be repaid within the period fixed for the duration of the corresponding note of hand, by means of fixed annuities which must agree in rate of interest, sinking fund and fractional payments with the corresponding notes of hand, including, in addition to interest and sinking fund, the additional commission of 1 % on the amount of the loan during the first third of the period for repayment, of $\frac{1}{2}$ % for the second and $\frac{1}{4}$ % for the third.

This commission shall only be charged on contracts entered into after promulgation of the present law.

The charges on mortgage bonds shall be paid in money of legal currency at the beginning of the period fixed for payment.

Art. 34. — Applications for loans shall be made on forms provided by the Bank : they shall contain a description of the landed property offered in mortgage, shall prove that it is unencumbered or show the charges by which it is burdened ; these must cease before or at the same time as the mortgage credit is constituted : they shall also show the situation of the real estate, its limits, and all indications required by the regulations.

Art. 35. — The title deeds must be free from any legal defect.

The Bank may, if it consider necessary, demand proof of thirty years continuous possession.

Art. 36. — All loans shall be preceded by the valuation of the estates by an expert. Before being submitted to the consideration of the Managing Committee the expert's estimate shall be examined by a special Examining Commission.

Art. 37. — For livestock improvement or agricultural establishments, account shall only be taken of the value of the soil with 20 % of the buildings in masonry directly serving for the work.

The same procedure shall be followed with regard to industrial establishments, leaving completely out of consideration the machines, whatever their nature and importance and every kind of article peculiar to the particular industrial business.

Art. 38. — When, under special circumstances, or when more than three months have passed since the valuation was made, without the loan being obtained, the Bank may, if it deem necessary, order a new valuation before consenting to the loan.

Art. 39. — The expense of valuation shall always be at the owner's charge, as also any other expenses occasioned up to the complete repayment of the loan.

Art. 40. — Persons receiving loans in terms of the present law, shall be liable not only to the amount of the property specially mortgaged but to that of their whole estate, up to the amount of the debt to be collected : but the order of precedence of claims established by the general laws shall be followed.

Art. 41. — Contracts for loans on property situated within the jurisdiction of the capital of the Republic shall be granted and executed in all their details in the said capital.

Art. 42. — Contracts for loans agreed to in the Provinces and National Territories shall be signed in the respective Branches or Agencies, and the mortgage bonds shall be passed in the same locality. They may, however, be passed and signed in the Capital, on the request of the debtor, if the Managing Committee agree.

Art. 43. — Contracts for loans shall be passed in due form in the presence of a public notary, and entry shall be made thereof in the proper mortgage register.

Art. 44. — There shall be stated in the contract the obligation entered into by the debtor to pay the Bank an annuity according as shall be established. The duration of the contract shall be fixed, as also the rate of interest and sinking fund corresponding and the commission the debtor must pay to the bank, while the payment on each bond shall be determined in conformity with the provisions of article 33.

Art. 45. — There shall also be shown in the contract the right of the Bank to proceed itself, without any judicial formality, to sequester the revenue of the mortgaged property, in order to apply the money to the payment of the sums due and to the upkeep if the estate, if the debtor allows 90 days to pass from the date on which he should make the payments.

When the revenue has been seized, the Bank may proceed to sell the mortgaged property, in conformity with article 58.

When the property will give no rent, the Bank shall estimate it and proceed in the manner indicated above.

Art. 46. — The debtor may, at any time, extinguish all or part of his debt, by payment of larger sums than are due from him, which must include the whole of the amounts in the current account, with interest corresponding to an additional three months for the whole or the part of the debt which he extinguishes in money.

The partial payment cannot be less than 5 % of the original debt.

Art. 47. — The payment or extinction of the debt may be made in money of legal currency or in notes of hand of the series corresponding to the debt, at their nominal value. The settlement shall be made in accordance with the figures established in the sinking fund tables after the charges have been fully paid. If payment is made in notes of hand, they shall be delivered together with the current coupon.

Art. 48. — The loan once agreed to, the securities shall remain deposited with the Bank and a receipt shall be given to the party concerned, should he apply for it.

Art. 49. — Repayment of the debt being once made in full, the Bank shall register the cancellation of the mortgage, and shall restore the secur-

ities to the owner, retaining, with a view to legal action any documents proving the mortgage obligations of previous owners, in case such are not yet paid off.

Art. 50. — Relative to the loans referred to in items *b, c, d, e*, of article 2, paragraph 2, the Bank shall require of the landlord that he insure the property against fire and transfer the policy to the Bank. In case of a disaster, if the debtor does not proceed to rebuild within the term of three months from date of the same, the Bank shall enter to his credit the amount of the insurance, after having deducted the amount of his debt, and immediately settle with him.

In case he rebuilds, a new insurances hall be taken out in the same manner and if the debtor does not hand over the policy after having transferred it to the account of the Bank three days after receiving notification, the Bank shall effect the transfer for him.

In any case of a renewal of insurance, if the debtor does not pay the premiums three days before the expiry of the term for payment, the Bank shall effect renewal for him.

In the case of other loans the Bank may exact the insurance of the property if, from its nature or destination, it considers it necessary for greater security of repayment.

Art. 51. — The Bank may at any time demand cancellation of a loan obtained by fraud, whether the fraud be on the part of the person demanding the loan, or another. If immediate cancellation of the loan is not obtained, the Bank may proceed, without legal formalities, to the sale by public auction of the property in case of the agreements not being carried out, taking care to forward the vouchers to the Federal Court, all without prejudice to any civil or criminal action that may be taken on account of the fraudulent act, if the judge deems it advisable to take such.

Art. 52. — The debtor may not perform any act on the property mortgaged, prejudicial to the rights or interests of the Bank. He shall be bound to give account in writing of any innovations made on his mortgaged property. If he abstain from doing so the Bank shall be freed from any liability in case of sale or letting.

He shall be further bound to bring to the knowledge of the Bank any damage or fact that may occur on his property of a nature to diminish the rights and prejudice the interests of the Bank. Notice shall be given to the Bank within thirty days after the date on which the facts in question occur. If he abstain from furnishing such information, the Bank may demand immediate cancellation of the loan or proceed to liquidation of the account under the ordinary form in use when borrowers are in arrears with their payments.

Nor can the owner rent his mortgaged property for a period exceeding five years, nor in any case accept contracts of hire offered to him for

periods longer than one year, without the previous consent of the Bank. In the event of his failing to conform to these regulations, the Bank may demand repayment of the loan as previously indicated. At any time the Bank may intervene as a third party in any legal suit in connection with the property or ownership of the mortgaged estate.

Art. 53. — Mortgages cannot be passed on the following real estate, that is :

1st. on mines and quarries ;

2nd. on joint property unless the mortgage is on the whole estate, or estates, with consent of all the owners, proved by a declaration in a public deed ;

3rd. on real estate not producing a fixed and permanent revenue ;

4th. on uncultivated land, whatever its position and value, except for building purposes in the case contemplated in article 2.

The term uncultivated land shall be considered to apply not only to sites not built upon, but also to land on which there is a building, but of insignificant value in proportion to the loan asked for.

Art. 54. — The Bank cannot grant loans for an amount of less than a thousand *pesos* : or above five hundred thousand *pesos* ; in favour of one person or society, even when they shall be for different purposes.

In the case of succession, the debtor shall have a year to satisfy the conditions of the present law.

Art. 55. — The Bank cannot, except in the cases provided for by the present law, grant a loan for an amount above half the value of the property offered in mortgage. It cannot grant loans to limited liability societies for more than 30 % of this amount.

Art. 56. — The Bank cannot grant loans exceeding the fourth of the value of the real estate, when this is a theatre or an establishment of entertainment.

Art. 57. — Any new application for a loan on an estate already mortgaged shall follow the ordinary course, and the loan shall only be granted, when the result of the new estimation by which it must be preceded is in accordance with the provisions of the present law.

These concessions shall be made under the express condition of the cancellation of the former contracts, a cancellation to take place antecedently to or simultaneously with the granting of the new loan.

Art. 58. — On the expiration of the 90 days fixed by art. 45, when the debtor has not paid the sums due from him, or has not asked for a delay, the term of which may not exceed six months beginning from the expiration of the 90 days, the Bank may proceed without any legal formality to the sale of the property by public auction to the highest bidder, the upset price being the total amount of the debt. Payment must include the additional supplementary interest, calculated at 8 % per ann. from date

of maturity of the first unpaid amounts up to the final settlement of the debt.

Notices of auction shall be inserted for thirty days in two newspapers of the Federal Capital and in one paper of the Capital of the Province or Territory in which the real estate is situated and also in a paper or periodical, if there is one, of the town in which the Branch or Agency is situated, during such period as the Managing Committee shall decide, without prejudice to the posting prescribed, in every case, at the Central Headquarters and in the office of the Branch or Agency to which the real estate is mortgaged.

Art. 59. — If the sale does not take place, a new auction shall be held, within the next ninety days, the upset price being the amount of principal and costs. This auction shall be held in the same manner as the preceding one.

Art. 60. — If this auction also gives no result, the Bank may present a request and the judge on simple proof that two auctions have been held and have resulted in no sale, shall award the estate to the Bank. He shall consign the corresponding act, in behalf of the Bank, for the amount of the upset price of the second auction, thus permitting the Bank to settle the account so as to recover what is due to it.

Art. 61. — Any property that the Bank may have awarded to it in the manner described in the previous article, may be reclaimed by the debtor or his heirs within the year from the date of the act of award, on the condition of paying the Bank, in full and in money, every thing due to it, in principal, charges, expenses and interest, which shall be at the fixed rate of 8 % per ann.

Art. 62. — Real estate which is not reclaimed, in conformity with the provisions of the above article, shall become, at the end of the year, the exclusive property of the Bank, which shall decide on its alienation when it considers fit.

Such alienation may be effected by subdividing the property when possible and when it appears to be to the interest of the property itself, for the easier exploitation and cultivation of the land.

All the sales shall be for money, and the term of payment shall not exceed five years, with interest to be fixed by the Managing Committee.

Art. 63. — Whenever the Bank, in execution of the provisions of this law, shall sell a mortgaged landed property, it shall allow the purchaser, at his request, to retain the mortgage debt as it is, under the conditions the Managing Committee shall establish in the notice of the auction and if the price obtained is not less than the loan.

Art. 64. — In case of sale the Bank shall not be held liable for eviction, nor bound in security. It shall not be held liable for delay in the execution of the deed. The buyer is bound to execute it at the date

fixed by the Bank. If he abstains from doing so within the term fixed, the bank may declare the contract, *ipso facto*, annulled, with the necessary damages, or claim its execution by the courts.

Art. 65. — When the Managing Committee shall order the sale by auction of an estate, it shall be within its power to proceed to the sale, either in the Federal Capital, wherever the mortgaged property may be situated, or in the locality in which is the branch that granted the loan, whenever the Committee shall decide that this course is more advantageous to the interests of the Bank.

Art. 66. — The Bank may proceed to sell the mortgaged estate in the cases contemplated under the present law, although the estate has been seized by virtue of a legal decision for the payment of other debts and even when the debtor shall be insolvent. In such case, the Bank shall place at the disposal of the proper authority, when once payment of the debt has been made, the balance of the price after payment of its claim and expenses.

In case of an execution for the debts of an insolvent, the Bank shall immediately use its right to get the judgment ordering the legal sale enforced, even when the payments shall have been made regularly, and for this purpose the President shall be notified of such judgment.

If the Bank do not proceed to the sale within 90 days from the legal notification, the Judge may decide on the sale by auction in the ordinary way, at the demand of the party concerned in the suit.

Art. 67. — Any sale must have the approval of the Managing Committee of the Bank. The sale once approved, the balance of the price must be paid within ten days, and this payment will confer right of possession. From that moment the buyer is liable for the charges on the estate. If the buyer does not pay the balance of the price within the term fixed, the Managing Committee may void the sale and the earnest money is lost.

Art. 68. — During the whole period of delay in payment of dues or of any amount whatever owing to the Bank, the latter shall have right to claim an additional 8 % interest per ann. until the debt be fully paid.

Delays in the execution of the obligations spoken of in this law shall be constituted by the mere expiration of the terms herein prescribed.

Art. 69. — The sale once effected and the deed of ownership being made out in form by the Bank in favour of the purchaser, the liquidation of the debt, with costs and interest, shall be proceeded with. The produce of the said sale shall be applied to their payment, and if there is a balance it shall be assigned to the debtor or his legally certified heirs, who shall be duly notified in person, or to whom notice shall be given by means of three publications in two newspapers of the locality.

If no one presents himself to claim this balance, the Bank shall keep it in its safe until it shall be claimed.

Art. 70. — When the produce of the sale of the mortgaged estate does not cover the claims of the Bank, the latter shall proceed against the debtor for what is due to it in conformity with the provisions of article 40.

Art. 71. — When there is ground for proceeding to the sale of a mortgaged estate, the Bank shall have the right to:

Paragraph 1. Make, on behalf of the debtor, all the divisions, which shall be considered necessary of the mortgaged estate, pay the taxes and take any other measures for the preservation of the estate :

Paragraph 2. Proceed to the sale of the mortgaged estate as a whole, or in lots, according as it deems most advantageous. It may transfer to the municipality, either freely or for a price agreed on, the land necessary for streets or avenues. This right shall remain in the cases in which the first auction led to no sale :

Paragraph 3. Represent the debtor in any suit that may affect the property or in bringing any action against others detaining the property. It may enter into compromises and sign the necessary documents.

Art. 72. — After sale of the mortgaged estate, the Bank shall have the right :

Paragraph 1. To agree to the conclusion of the act of sale in behalf of the buyer, the latter by this fact alone, being substituted for the debtor in all rights and obligations in relation to the said property, even in case of bankruptcy, and to grant possession without the debtor proceeded against being present.

Paragraph 2. To exact, always by way of dstraint and from all debtors, when there are more than one, payment of the balance due, as shown in the books of the Bank, in principal, charges, cost of repairs or other costs, interest, etc. in case the purchase price of the property mortgaged does not entirely cover the debt.

The mortgage bond accompanying the demand for settlement of the debt presented by the Bank and duly legalised shall give right to execution.

Art. 73. — The Bank may, of itself, demand the assistance of the public authorities in order to take possession of the mortgaged estate : to post the placards or notices of sale by auction, to give notice to the parties concerned or to buyers, and in case of sale to give possession to purchasers, in spite of the opposition of the owners or occupiers.

Art. 74. — In case the debtor transfers the mortgaged property he shall be obliged to ask for the agreement of the Bank to recognise the new debtor. In default of which his obligations as mortgager shall continue.

The transfer may take place whenever the loans return to the ordinary conditions provided for in the present law.

The deed of transfer of property must be deposited in the Bank within thirty days from date of the agreement to transfer.

Art. 75. — The judges may not, under any pretext, suspend or retard the action of the Bank with regard to the sale by auction of mortgaged property, except in the case of the claim of a third party upon the property.

Art. 75. — The judges may grant withdrawal, without further formality, at the request of the Bank, of all interdictions, distraints, second mortgages or other charges on the property sold, for the sole end of the execution of the act, whenever the Bank solicits it, on its responsibility.

The Bank shall place the balance, if there is any, at the disposal of the judges.

Art. 77. — The effects of the mortgage registration shall last until the complete extinction of the mortgage, in spite of the existing provision in the Civil Code.

Art. 78. — The Bank shall keep, besides the ordinary books, also special registers in which shall be entered the description of the loans that shall be effected, the persons or societies indebted, the properties mortgaged, their situation, limits and other indications necessary for the understanding of the facts.

Mention shall be made of each loan from the date of its being granted up to that of its repayment, in supplementary registers, required for its easier comprehension.

Art. 79. — The National Mortgage Bank alone may issue notes of hand on landed estate situated within the Capital of the Republic or in the National Territories.

The Provincial Governments may authorize the foundation of mortgage banks, granting them power to give loans for more than ten years on landed property situated within their respective territories.

Art. 80. — The provisions of the present law shall apply in all their parts to new contracts. They shall also apply as far as concerns the execution of contracts already entered into by the Bank since its establishment.

Art. 81. — The National Mortgage Bank shall be authorized to dispense from the payment of interest, imposed as penalty, such debtors as shall settle their debts before July 1st., 1912. The settlements in connection with same shall be continued up to December 31st., 1911. The provisions of the present law shall apply to the payment of future charges.

The above dispensation cannot be pleaded for the restitution of any property in the possession of the Bank, nor apply to previous cases settled by legal sentence, by compromise or an agreement entered into with regard to their dstraint.

Art. 82. — The Executive Power is authorized to determine, together with the National Mortgage Bank, the form in which the notes of hand of the series A, gold, shall be withdrawn from circulation. It may for this pur-

pose issue Argentine credit securities of the national debt, gold, up to the amount of six million *pesos*, gold.

Art. 83. — Borrowers of loans converted in conformity with the law 2,842 may cancel their mortgages on payment of the balance of the charges due from them, up to the end of their respective contracts.

Art. 84. — Any provision contrary to the present law is abrogated.

Art. 85. — The present provisions shall be communicated to the Executive Authorities.

V. DE LA PLAZA
B. OCAMPO
Secretary of the Senate

E. CANTON
A. SUPRENA
*Secretary of the Chamber
of Deputies.*

In consequence :

The present law must be considered as the Law of the Nation. It shall be executed, communicated, published, inserted in the National Register and deposited in the Archives.

SAENZ PEÑA.
JOSÉ M. ROSA.

CREDIT

FRANCE.

I. — CURRENT QUESTIONS.

The Land Credit Institute of France in the Year 1911.

The Board of Management of the Land Credit Institute of France (1) recently presented its report on the work of this Institute for the year 1911. Before giving a short summary of it, it will be well to notice two important financial operations of the Society in the period.

§ 1. *Increase of Share Capital.*

The first of these operations was the increase of the share capital from 200 to 225 millions by means of the issue of 50,000 new shares (*actions*). This was done with the object of obtaining the means necessary for an increase of loans, and for extending the circulation of the land and communal bonds. It has also allowed of a modification in the manner of forming the extraordinary provision for the extinction of the loans, by assigning to the purpose 200 francs for every new share issued, that is to say, an amount of 10 millions.

§ 2. *Issue of Communal Bonds.*

The second financial operation was the issue of Communal bonds; the excess of the communal loan, over the corresponding bonds in circulation induced the Institute to issue a communal loan of 500 millions under

(1) For the organisation of the "Land Credit Institute of France" see *Bulletin of Social and Economic Intelligence*, June, 1911, p. 205,

the form of 250 francs bonds at 3 %, in lots offered for public subscription at 248 fr. 50. The operation was successful: 1,927,519 subscribers took 37,545,660 bonds in place of the 2 millions in securities offered.

§ 3. *Working Year 1911.*

Mortgage Loans.

During 1911 the Land Credit Institute made 7,374 loans on mortgage for an amount of 186,905,998 frs. 73. They were subdivided as follows:

	Fra.
6,335 long terms loans	179,758,779.58
88 short terms loans	1,639,400.00
951 loans granted out of the share capital and reserve funds . .	5,507,819.15

Total 7,374 Loans 186,905,998.73

Of the 951 loans granted out of the share capital and reserve funds, 939 for an amount of 5,372,902 frs. were granted to owners of real estate sufferers by the earthquake of June 11th., 1909 and the victims of the inundations of January and February, 1910.

Compared with those of 1910 (1) last year's loans show an increase of 779 in number and of 43,994,441 frs. in amount.

The amount of antedated repayments, in 1910 77,361,087 frs., fell in 1911 to 75,049,757 frs., with a decrease of more than 2 million.

The interest on mortgage loans, fixed at 4.30 % on January 12th., 1909, has been maintained at the same rate.

The loans granted in the course of the working year bring up the total number of the loans on mortgage granted by the Land Credit Institute since its foundation up to December 31st., 1911, to 170,885 and the total amount to 6,146,993,508 frs.

Mortgage Loans on Rural Real Estate.

The Land Credit Institute of France more especially devotes itself to urban credit: in fact, in a total of 6,146,993,508 francs of loans granted since its foundation, 4,848,346,367 were on urban real estate, a large part (valued at 3,567,691,721 frs.) situated in the Department of the Seine. The proportion of loans on rural property varies between 20 and 25 % of the total. In the last two years they show a certain increase, due especially to the damage caused by the inundations of 1910.

The following table gives an idea of the distribution of the loans according to the nature of the real estate:

(1) See "Bulletin of Economic and Social Intelligence, June, 1911, p. 205.

Distribution of the Loans on Mortgage according to the Nature of the Real Estate.

Year	Urban Property		Rural Property		Mixed Property		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1853-1906	102,174	4,270,497,060.74	41,510	1,136,383,364.26	341	20,107,200	144,025	5,426,987,625.00
1907	3,133	118,863,087.49	1,386	31,420,108.64	—	—	4,519	150,283,196.13
1908	3,131	99,842,857.27	947	20,430,299.20	—	—	4,078	120,273,156.47
1909	3,137	97,922,813.47	1,157	21,709,161.71	—	—	4,294	119,631,975.18
1910	4,883	111,183,480.39	1,712	31,728,076.40	—	—	6,595	142,911,556.79
1911	5,518	150,037,047.73	1,856	46,868,951 —	—	—	7,374	186,905,298.73
Total . . .	121,976	4,848,346,347.09	48,568	1,278,539,961.21	341	20,107,200	170,885	6,146,993,508.30

Communal Loans.

In the year 1911 the Land Credit Institute granted 2,597 communal loans for an amount of 151,852,944 frs., with an increase of 297 in number and of 36,917,326 frs. in amount.

On the other hand, the amount of antedated repayments, in 1910 20,387,682 frs., increased in this year to 44,067,341 frs.

The total communal loans granted by the Land Credit Institute (1860-1911) were 45,104 and their amount was 4,209,120,179 frs.

Loans in Algeria and Tunis.

The loans granted in Algeria in partnership with the Land Credit Institute of Algeria and Tunis appear among the operations in 1911 as 79 mortgage loans for an amount of 2,035,900 frs. and 37 communal loans, for 10,066,624 frs.

Those in Tunis were 69 for an amount of 1,361,566 frs.

In the course of the year the Land Credit Institute renewed its treaty with the Land Credit Institute of Algeria and Tunis, which was to have expired on the 31st. December last, for a new period of ten years.

Bonds.

The general situation of the bonds on December 31st., 1911 was as follows :

	Frs.
Land Bonds	2,255,979,017.46
Communal Bonds	1,672,220,725.10
	<hr/>
Total	3,928,199,742.56

Situation on December 31st. 1911.

CREDITS	DEBITS
frs	frs
—	—
Cash in hand and	Share Capital . . . 200,000,000.00
in the Bank of	Obligatory Reserve
France	Fund 20,381,198.92
6,893,171.59	Commission on Re-
Bills and Various	demption of
Securities	Loans 242,419,135.24
181,044,564.68	Various Reserve
Public Treasury. . .	Funds and Com-
23,419,215.33	missions 24,458,311.95
Moneys advanced	Deposits in Current
on Securities De-	Account 83,810,866.68
posited	Correspondents . . 66,209,457.18
44,665,507.64	Contractors' Branch
Correspondents . . .	Office 4,027,654.34
5,900,029.22	Deferred Payments 281,206,920.46
Mortgage Bank in	Bonds 3,928,199,742.56
Liquidation	Debentures and
9,391,491.85	Shares in Circul-
Debtors	ation 37,224,695.26
4,446,450,840.68	Bonds to be repaid-
Bonds withdrawn	and Interest Due 22,702,984.76
from Circulation 174,150,150.27	Halfyearly Instal-
Real Estate ac-	ments Received
quired in conse-	in Advance . . . 4,195,738.48
quence of Expro-	Sundries 30,488,065.31
priation	Interest Owing but
9,244,038.09	not Due 42,329,752.78
Real Estate, Head-	Profits and Loss . 18,267,914.00
quarters	
22,130,709.25	
Sundries	
22,527,832.83	
Interest accrued,	
but not yet pay-	
able	
55,109,357.04	
Expenses of Ad-	
ministration . . .	
4,995,529.45	

Profit and Loss.

The balance of the profit and loss account for the year 1911 was 32,182,143 frs. 43. If we deduct from this the sum paid in to the account for redemption of loans (14,016,468 frs. 55) there remain 18,165,676 frs. 88. Deducting the general expenses (4,995,529 frs. 45) the net profits for the year appear as 13,170,147 frs. 43. Adding to this the balance from 1910 (102,237 frs. 12) we have 13,272,384 frs. 55 profits.

Distribution of Profits.

The profits were distributed as follows : 15 frs. on each of the 400,000 shares, that is 6,000,000 frs.; to the obligatory reserve fund 5 % of the net profits after deduction of 5 % for paid up capital, that is 158,507 frs. 37; as complementary dividend of 17 frs. on the 400,000 shares, 6,800,000 frs.; on the 50,000 new shares a similar dividend made up from the 750,000 frs. paid up on subscription and a sum of 100,000 frs. deducted from the net profits for 1911, 100,000 frs.; finally 213,877 fr. 18. for the working year 1912.

The dividend for the year 1911 was thus 32 frs. as in the previous year.

Urban and Rural Estate on December 31st., 1911.

On December 31st., 1911 the Land Credit Institute possessed 88 real estate properties, 33 rural of an area of 3,931 hectares and 35 urban.

The rural real estate in the last three years was composed as follows :

	December 1909	December 1910	December 1911
	—	—	—
Small Estates of under 5 hectares	24	15	12
Estates of between 5 and 10 hectares	9	6	6
Estates of between 10 „ 50 „	29	15	14
Estates of 50 hectares and over	31	19	21
	—	—	—
	93	55	53

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PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

AUSTRIA.

I. — CURRENT QUESTIONS.

The Campaign against Pellagra in Austria.

Sources :

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§ 1. *Maize and Pellagra.*

In many European countries, as well as in various parts of America maize flour forms one of the principal staples of food for the rural population, being made into various comestible forms, the most important of which is polenta.

Maize is extensively cultivated in the Northern Hemisphere. The following table shows the production of this crop in various countries in 1911-12 (Statistics by the International Institute of Agriculture):

Production of Maize during the crop year 1911-12. (1)

Northern Hemisphere		Southern Hemisphere	
Country	Production in Quintals	Country	Production in Quintals
EUROPE.			
Austria	3,031,201	Argentina	75,150,000
Bulgaria	14,676,432	Australia (1910-11) . .	3,313,352
Spain	7,297,780	Chili (1910-11)	403,267
<i>Hungary (not including Croatia and Slavonia)</i>	<i>34,817,412</i>	New Zealand	69,750
<i>Croatia and Slavonia</i>	<i>6,097,562</i>	Peru (1910-11)	1,600,000
Hungary (including Croatia and Slavonia)	40,914,975	Uruguay (1909-10) . .	1,654,662
Italy	23,836,000	Transvaal (1910-11) . .	2,882,381
Roumania	31,277,505		
Russia in Europe . . .	20,810,883		
Switzerland	30,800		
AMERICA.			
Canada	4,358,666		
United States	643,027,824		
ASIA.			
Japan	884,000		
Russia in Asia.	91,894		
AFRICA.			
Algeria	85,573		
Egypt.	17,248,235		
Tunis	65,000		
Total . . .	807,636,768	Total . . .	85,073,412

(1) For the Southern Hemisphere the estimate is only approximate, since we have been obliged to content ourselves for certain countries with statistics relating either to 1910-11 or even to 1909-10.

Presuming that the greater part of this production serves for human consumption, the importance of maize as a food staple is immediately evident.

Although this cereal, when properly ripened and well preserved, forms an excellent article for food, its continual use, under certain circumstances, can, nevertheless, have very injurious results, giving rise to an infectious disease known as *pellagra*, which, if energetic measures are not taken for its extermination, may eventually take a most disastrous form, and even lead to a marked degeneration of the race.

Such a condition is reached when the disease through a series of years, slowly consumes the strength of its victim, and the latter becoming accustomed to the continual diminution of his vital force, proves incapable of offering resistance to the steady progress of the scourge.

Pellagra is not found in isolated cases, as it does not attack single individuals, but entire groups of the population fall victims to the illness. For this reason pellagra forms a real social danger, and it is from this point of view that we intend to consider it in the present article.

* * *

Pellagra prevails in several countries, among which may be specially mentioned Austria, Hungary, France, Italy, Greece, the Danubian States, Spain, and Mexico.

Special attention is given in this article to the disease as it exists in Austria, and the means adopted in that country for combating it, as it is there that the campaign against pellagra has taken a particularly social-economic character.

Our remarks will be principally based upon the action taken in Trentino, where the campaign has been best organised, with the co-operation of the State, the Province and the Communes. The most ardent worker in the campaign is Dr. Guido de Probizer, Sanitary Councillor, and Director of the Pellagra Institute at Rovereto. (1)

The disease also exists in the provinces of Galicia, Bukowina and Goritz and, in the two latter, vigorous measures, similar to those adopted in Trentino, have been taken for the extermination of the disease.

An idea of the immense social danger incurred in Austria through this infection may be gathered from the figures of production of maize and of the quantity imported. The former was, on the average of the five years

(1) A quantity of valuable information placed at our disposal by Dr. Probizer has served as basis for the present article.

1904-1908, 4,052,380 quintals, while the latter reaches some six million quintals; the precise quantity imported in 1911 (including imports from Hungary) being 6,450,320 quintals.

§ 2. *What is Pellagra?*

Pellagra is a disease which is caused by a venomous substance present in the mildew which attaches itself to the kernels of maize (Indian corn). This poison is introduced into the stomach by means of polenta made from flour manufactured from maize which has suffered from mildew.

Polenta made from maize, which has ripened in a warm climate, been properly stored both during transport and in warehouses, been kept free from moisture both by the farmer and the merchant constitutes no danger whatever as an article for human consumption. But when the crop has not been allowed to ripen completely, or when it has been allowed to ferment in the warehouse, or during transport either by land or by sea, so as to form *mildew* it becomes highly dangerous as human food. The poison is contained in the tiny filaments of the mildew which attaches itself to the grain.

The pellagra infection passes through three stages: in the *first stage* diagnosis is very difficult, as the disorders occasioned in the digestive organs may be easily mistaken for symptoms of other chronic diseases. In the *second stage* the skin of the back of the hands, the neck and the face of the patient is affected. These symptoms previously gave rise to the belief that pellagra was a skin disease. In the *third stage* symptoms of brain and spine trouble are evidenced. The patient feels as if a pressure were placed upon his skull and upon the nape of the neck; erect carriage becomes difficult, and gait uncertain. An irresistible force seems to pull first forward then backward, and in some cases the disease finishes in tetanus. At the same time weakness of mind sets in, the patient becomes a prey to acute melancholy, and the result is but a slow wasting away, if complete madness or suicide do not supervene.

It has already been stated that pellagra does not appear in isolated cases, attacking only an individual, but generally makes itself apparent in several members of a family; nor is it restricted as a rule to one family, but spreads through a considerable portion of the population of a whole district.

As an example of this fact we give the following table, which shows the number of cases of pellagra in Trentino in 1907 :

Political division	Number of inhabitants	Cases of pellagra	
		Total number	Per 1000 inhabitants
Rovereto	57,761	2,810	53.2
Trent	66,031	1,279	19.3
Riva	28,022	273	9.7
Borgo	42,179	353	8.3
Primiero	10,362	29	2.7
Cles	46,345	29	0.6
Mezolombardo	19,557	9	0.5
Tione	35,796	11	0.3
Cavalese	?	?	?

There are some communes in which the number of cases reaches 25.30, and even 50 per cent. of the population. An example is Terragnolo where the disease has reached such proportions as to constitute a real degeneration of the population.

The 4,836 cases dealt with here are divided among the two sexes as follows : 2,534 or 52 % men, and 2,302 or 48 % women. It should however be remembered that this figure does not include all the cases extant, as a certain number of these are not reported, and escape observation.

The following table shows the distribution of pellagra in Trentino according to occupations and economic condition :

Pellagra by occupations.

Number of cases	Occupation	Per cent
3,754	Peasants (proprietors, farmers, and agricultural labourers)	77.6
899	Artisans, or day workers	19.5
183	Other occupations and unemployed	3.9

Pellagra by economic condition.

Number of cases	Economic condition	Per cent
385	Sufficient	6.3
1,535	Fair	31.7
2,996	Poor	62.0

* * *

The progress of pellagra is slow and chronic, and it is this quality which renders it still more dangerous, for a large number of persons suffer from the disease without knowing that they are subject to it, while external signs, such as red marks on the skin, are attributed to other and harmless causes, such as sunburn. Similar cases of pellagra being mistaken for other diseases might be quoted in large numbers.

Pellagra is not a contagious disease, nor is it, in the strict sense of the word, hereditary, but a predisposition to the disease passes from one generation to another. By this we mean that the parents being weakened by the effects of the disease, and by the poison which they have absorbed into their system, their children readily succumb to the malady if allowed to eat food which has been made from improper flour.

Every person, who is submitted to a continual diet of maize flour which contains poisonous ingredients, will develop, sooner or later, symptoms of the disease, the latter being more or less acute according to the physical resistance which the patient is able to offer.

§ 3. *How Pellagra or Maize Poisoning Develops.*

Pellagra or maize poisoning is found in its most serious form among the classes who live poorly and under unsanitary conditions, and among persons who are occupied at heavy manual labour, have insufficient nourishment, and whose food is formed, for the greater part, of *polenta made from maize which has been attacked by mildew*.

It is interesting to note that no other cereal is so easily subject to mildew as maize; and it may be said that maize in really perfect condition is seldom to be had on the market.

The risk which one runs in eating polenta may therefore be stated to be in direct proportion to the percentage of rotted, mouldy or otherwise unfit grains contained in the maize when it is taken to the mill. These grains are of a pale or greenish colour, the skin is wrinkled or cracked and marked with green, blue or brown spots. They have a smell of mildew which they communicate to the flour, and the latter becomes bitterish and objectionable to the taste. Maize which has been attacked by mildew weighs less and is less shiny in appearance than the healthy grain.

These harmful properties are acquired by the grain:

- (1) if it is harvested in a moist condition, and piled into heaps without sufficient ventilation;
- (2) if it is not immediately dried by rapid ventilation, which draws out the natural moisture;

(3) if the grain is unripe, and therefore contains an excessive quantity of moisture which cannot be dried out by rapid dessiccation. This is usually the case with maize grown on upland farms, and for the types known as *cinquantino* and *quarantino* which are sown after the wheat harvest and have not therefore sufficient time to arrive at complete maturity, even in the plains;

(4) if, during transport by sea or overland, in the ship's hold or in railway wagons, or during storage in warehouses, fermentation sets up in the grain and gives rise to the above mentioned changes, due to defective drying or later acquired moisture;

(5) if the maize flour is kept in damp kitchens, or in the vicinity of water, or, in short, anywhere where it is liable to absorb moisture and become mouldy;

(6) if the polenta or bread made from maize flour is not eaten immediately, but after having been allowed to get musty.

In addition to the original source of pellagra, i. e. the continued consumption of maize flour which has been made from improper grain, three causes of predisposition to the disease may be cited: these are: (1) hereditary, or a predisposition inherited from parents who have suffered from the disease; (2) the abuse of alcohol; and (3) poverty, or, to be more precise, insufficient nutrition, both as regards quantity and quality of the food, and living under unsanitary conditions.

The importance of the matter of predisposition to the malady should not be overlooked, for it is principally in this respect that pellagra acquires a social character. From the returns made at Trentino it was shown that only 24.6 % of the cases under observation were due exclusively to eating unsuitable food.

From what has already been stated it results that the risk of contracting pellagra is proportionate to (1) the quantity of poison, due to mildew, which is present in the flour; (2) the amount of poison introduced into the system (1); (3) hereditary predisposition; (4) the disproportion between the amount of physical energy spent and the amount of nutrition received; (5) public and domestic poverty; (6) neglect of cleanliness in individual houses, and of proper sanitary measures.

§ 4. Method for Testing the Quality of Maize as regards Poisonous Contents.

The grade of maize most usually met with in commerce is known as *common maize*, and is composed, for the greater part, of grains which in shape are rounded, somewhat flat and wedge shaped; the colour is yellow, orange or white. This grade is produced principally in Europe, the more

(1) It frequently happens that three or four meals are made of polenta in one day.

important countries of origin being Southern Austria, Hungary, the Danubian Countries (Roumania, Bulgaria, Servia), Italy and Russia (Danubian maize, *cinquantino*, *pignolo*, *pignoletto*, etc). Some of the maize produced in the United States and in Argentina also belongs to this class.

The quality generally known as American maize (or horse tooth maize), is largely cultivated in Pennsylvania and Virginia, and may be distinguished from the preceding grade by the shape of the grain which being grooved resembles in form the front teeth of a horse (whence its name). The various qualities of this grade of maize may be distinguished by the difference in the size and shape of the grain, of which the colour is generally white, though sometimes red, yellow, blue or variegated.

Yellow maize has a far greater commercial value than the white maize, the latter being lighter, and forming a polenta of inferior taste as compared with the former. The value of the yellow variety increases in proportion to the predominance of the yellow or horny part of the grain as compared with the white or floury part. When this yellow portion is in great predominance the flour contains a large percentage of nutritive matter.

Great care in separating the yellow from the white part of the grain is necessary in order to procure a high nutritive value in the flour. It is for this reason that the milling trade always aims at increasing the precision with which the grain is divided into these two component parts, a division that is only possible when cylindrical mills are used.

By a more or less perfect separation of these two parts, the advantage gained is that those parts (and in particular the embryo) which are regarded as containing the poisonous elements which cause pellagra, are taken away, and a flour which, from a sanitary point of view, is without fault results.

Maize which tastes of scorching, through having been imperfectly dried, gives a polenta of unpleasant flavour, and is therefore less appreciated.

What are the principal qualities of good and wholesome maize?

The first essential is that the maize must have been allowed to ripen completely before being harvested, otherwise it cannot be stored. Maize that has been harvested too early may be recognised by a wrinkling of the grains towards the apex, and also by the fact that it is much lighter in colour than that which has ripened thoroughly. If, therefore, the light coloured grains appear more numerous than the darker ones it is certain that the crop was harvested before the proper time.

A vivid and bright colour in the grain is a sign of freshness; but if the grain is dull and pale it denotes that it is old or has not been kept free from moisture, i. e., that it has been badly stored.

The horny (vitreous) grains are usually darker in colour and more shiny than those in which the soft or floury portion predominates. The grains which contain a large proportion of farinaceous substance, have frequently a vitreous covering so thin that the white interior is visible; light spots are then apparent on the grain, or yellow stripes show up on a white foundation.

When other conditions are equal, and particularly that of mean weight, a fact by which the better class grain may be distinguished from the inferior quality is the regularity of shape in the former.

A good quality maize should not contain broken or split grains, as such fractures give free access to the interior of the grain which then easily becomes affected with mildew. Breaking and splitting are due to imperfect artificial drying, or to the adoption of incorrect methods of removing the husk.

When the grains are caused to crack, in artificial drying, by the adoption of too high a temperature or by too rapid a process of drying when the grains are relatively very moist, the fractures are limited to the vitreous portion and are internal. In such a case the kernel remains intact and no damage is caused.

This cannot however be said of the fractures or cracks caused by careless husking.

Healthy and well dried maize strikes cool to the touch, and, if moved with the hand, produces a peculiar sound as if a number of small rounded pieces of glass were being stirred; the odour is pleasant, resembling that of good, fresh flour, and the taste is rather sweet.

§ 5. Signs of Unfitness in Maize.

The unfitness of maize for human food may be suspected when a large percentage of wrinkled, broken, or cracked grains is noticeable, or when the corn is seen to have been attacked by parasites, is of light colour or has lost its brilliancy. The deterioration of the grain is caused by parasites, among which the most important are *calandra granaria*, *tinea gravelle*, *acephora cereadella*, *acarus farinae*, etc.

If the grain appears to be covered with dust, this is a certain sign that it has been attacked by some parasite, and probably by *calandra*.

Damage caused to the grain by insects may also be the cause of attacks by mildew and bacteria.

If maize is moist to the touch, it is probable that it has similar defects, to those described above. Such is the case, not only with corn that has not been properly dried at harvesting, but to a still greater extent with that which has been allowed to absorb moisture while lying in a storehouse.

Further, all grain should be avoided that has an odour of mildew, or which lacks that pleasant odour, which is characteristic of all healthy maize.

All maize should of course be regarded as unfit for human consumption that shows signs of attack by mildew or bacteria.

Damaged maize is, in the majority of cases, of pale colour, wrinkled, and cracked. If the grain has suffered from moisture, or from having been dried at too high a temperature, it is usually of a dirty pale yellow colour which becomes darker towards the apex. The colour is not uniform over the whole kernel, but appears in spots of various size which run into each-other. These spots, which are sometimes light and sometimes dark, are caused by little colonies of bacteria, which have penetrated the surface, and entered into the interior of the kernel where they destroy the germ of the grain. This same effect may also be caused by mildew.

Modern scientific research in connection with pellagra, attributes the causes of this malady principally to the poison contained in the mildew which attaches itself to maize.

The mildew vegetates on the surface if the grain is cracked, and in the interior if the envelope has been eaten away by parasites. The embryo being an excellent nutritive substance for the mildew, these parasites attack it with avidity. In such cases the nest of germs enters somewhat deeper into the grain, and the colour of the latter becomes paler, and if the envelope is removed with a sharp knife, it will be seen that the embryo is covered with myriads of spores of mildew. The decomposition of the grain sometimes reaches such an advanced state, that it is nothing but a pale green powdery mass composed of innumerable spores.

As regards the flour itself, that which is whitish in colour and from which the germ has not been properly separated is dangerous as food, as is also flour which has a musty or bitter taste, or which when warmed in the palm of the hand does not give off that peculiar and pleasant smell of wholesome and fresh polenta.

§ 6. *Means of combating Pellagra.*

From what has already been said, it is evident that the causes of pellagra are of a social-economic nature.

Although the malady is occasioned by the poison contained in unripe or damaged maize, a predisposition to the disease is caused, and the disease itself accelerated, by the unsatisfactory social and economic condition of the peasantry — the lack of sufficient nourishment, excessive work, unsanitary condition of the towns and dwellings, poverty, etc. In fact, the reason of such a large quantity of unripe maize being consumed among the peasantry is that these people are obliged to cultivate their crops,

on land which lies at such a height above sea level that it is impossible for the crop to arrive at complete maturity. Damaged grain is also an outcome of unsatisfactory social and economic conditions, for this is due to the absence of proper machinery for drying the grain, to the absence of control over the grain placed on the market, and to the employment of damp or otherwise unsuitable storehouses. It may therefore be stated that pellagra is caused, either directly or indirectly, by unsatisfactory social and economic conditions.

The laws for the prevention of pellagra were consequently directed principally towards an improvement of the social and economic conditions of the peasantry, and towards raising the standard of living of the rural population, that is, not a mere introduction of sanitary improvements combined with prophylactic measures.

The principal law passed for the prevention of pellagra is that of February 24th., 1904, which refers to the countship of Tyrol. The Law of June 19th., 1909, relative to the countship of Goritz and Gradisca, and that of January 1st., 1911, relative to the Duchy of Bukowina, are almost exact copies of the one previously passed for Tyrol (1).

In discussing the contents of the Law of February 24th., 1904, we shall first of all consider the measures which are more especially of a preventative nature, and will deal later with those of a more economic and social character.

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* *

The most efficacious means of avoiding pellagra is to prevent all maize, which is unfit for human consumption, from coming into market, so that grains cannot be brought to the mills and reduced to flour containing poisonous ingredients.

To this end, Article 10 provides for the institution of an agricultural experiment station, which will undertake the technical examination of maize, with special reference to pellagra, in compliance with the Law relative to articles intended for human consumption of January 16th., 1896. The rigorous application of this law will cause corn merchants to exercise greater caution than heretofore in the sale of flour, in which adulteration and other fraudulent dealing have, up to the present, been aided by exemption from punishment for these offences.

In Tyrol the grain is examined by the Agricultural Institute of S. Michele, and the expenses are borne by the Pellagra Fund. The chemical

(1) In January 1912, the Diet of the Countship of Goritz and Gradisca approved a bill providing for certain amendments to the law above referred to. These amendments served to enforce a more vigorous application of the law of 1909.

and microscopic laboratory of the Institute offers therefore an excellent guarantee for purchasers of flour, in addition to which the Institute forms a valuable information bureau in regard to pellagra for all who care to use it. The Institute also forms a centre at which the communal doctor can procure practical knowledge which will enable him to distinguish the qualities of maize which would prove harmful as an article of food. In order to exercise a control upon imported maize, special training is given to finance and customs officers, so that those stationed at the frontier or in customs or octroi offices in the provinces can gain the necessary knowledge to enable them to distinguish the different qualities of maize, and to call the attention of the authorities to suspected lots.

As maize is grown in several localities lying at a height at which it is impossible for the grain to ripen completely, the law provides (§ 1, paragraph 2) for the erection of drying kilns, with a view to preventing the dangers arising from the milling of grain which is still in an unripe or moist condition. These kilns form an excellent means of drying the grain and of eliminating the danger of its becoming covered with mildew.

Special advantage results from the erection of communal or, better still, of co-operative kilns, in the case of neighbouring villages, which are grouped about a common centre, as erection and working expenses are then reduced.

The law further provides for the erection of communal bake-houses for the baking of bread, thus avoiding the risk of the peasantry falling victims to private speculation.

With a view to preventing the direct consumption of bad grain by the grower, the law provides for an exchange of grain. Central stores of good and properly dried maize are installed (§ 1, paragraph 3).

From what has been stated above, it will be seen that anything having a deteriorating effect upon the human organism, so as to diminish its power of resistance, may be regarded as causing a predisposition to pellagra.

Many villages are insufficiently provided with proper drinking water. In others, though a bountiful supply of good water is available, it is rendered dangerous by defective pipes and conduits. An insufficient supply and the use of unsuitable water give rise to stomach and intestinal disorders, and these organs, when in an unhealthy condition, are most easily affected by the germs of pellagra.

For this reason the law contains clauses providing for the introduction of better sanitary measures in rural districts, and for the rendering of assistance to the poorer communes, to enable them to procure a sufficient supply of suitable drinking water. Assistance will also be given for the construction of channels to drain the subsoil which would otherwise harbour putrefied matter which would lead to the development of infectious disease.

§ 7. *Social and Economic Measures.*

Even the combination of all these preventative methods would not suffice to exterminate the distress among the peasantry upon which the pellagra infection has taken such a firm hold.

The law for the prevention of this disease has, therefore, endeavoured to further the economic development of the rural classes, providing a means of communication between outlying villages, isolated districts, etc., and the larger municipal centres. By this means a larger outlet is offered to the farmer for his products, and being at the same time in closer contact with the markets, new sources of gain are opened up to him, and a greater scope for the exchange of wares is provided; all of which tend towards improving the economic condition of the population.

The Act also favours the introduction of home industries, and advocates silkworm rearing, sericulture and allied industries where the rearing of silkworms is possible.

The scope of the Act is a vast one and its effect must of necessity be gradual. But little by little its aim will be realized, and its result will be an appreciable improvement in the prosperity of the people.

This aim once reached, the principal cause of predisposition to the disease would be eliminated; the physical organism would regain strength, thus conquering yet another cause of predisposition and at the same time overcoming a condition which rendered all cure and convalescence both long and difficult and redoubled the distress, on account of the loss of earnings.

An increase in prosperity would at once put an end to the disproportion existing between the work performed and the nutrition received by the body which is a further cause of predisposition, as is proved by the fact that by far the greater number of cases of pellagra in its most marked form occur in the spring and summer, when work in the fields is at its height, and food most difficult to obtain.

When the peasantry are able to obtain more and better food, the danger of the spread of pellagra will be greatly diminished.

A similar case has been experienced in France: towards the beginning of the nineteenth century the departments of Landes, Hautes et Basses Pyrénées, Aude et Pyrénées-orientales were under the scourge of pellagra; to-day the disease has almost entirely disappeared, as a result of improvements in the financial and economic condition in these departments.

§ 8. *Application of the Law from an Economic Standpoint.*

The application of that part of the Act which deals with the improvements to be effected in the financial condition of the peasantry, consists in a rational reform in agricultural methods and the introduction of home industries.

The principal changes advocated in regard to agriculture embraced the abandonment of maize cultivation in districts where it is impossible for the crop to arrive at complete maturity, and to replace it by meadow land or fodder crops.

The prejudices of the peasantry in this respect are, however, not easily overcome, and it has been necessary to institute model farms for their instruction and as an example for them to follow.

This work which was undertaken in three provinces, produced good results, and 200 hectares previously under maize were transformed into meadow land during 1906. Where these changes were made, half of the cost of the grass seed and of the artificial manure employed was borne by the fund for the pellagra prevention. (See § 2 of the Act).

As, however, a large portion of the area under maize belongs to poor peasants, who are dependent upon the product of this land for their food during the greater part of the year, they cannot afford to give up the cultivation of maize unless they are enabled to purchase and to keep a cow.

In a few communes, cows have accordingly been purchased for some of the poorer peasants. The purchase of these animals was entrusted to the agricultural consortium of the district and the local veterinary surgeon. The animals were sold to the peasantry at cost price payable in five yearly instalments. During this time the animal must be insured, and remains the property of the fund only becoming the property of the peasant upon payment of the last instalment.

The animal must be fed by the purchaser according to rules prescribed by the agricultural consortium and the local veterinary surgeon.

In order to further this transformation of the maize fields in Trentino, the Ministry of Agriculture appropriated the sum of 15,000 crowns to this fund, 5,000 of which were to go towards sowing forage crops on land previously under maize, and 10,000 towards the purchase of live stock where fodder crops are already sown.

The Provincial Council of Agriculture (Section for Trent) lent its effective co-operation, in so far as the scope of its duties would allow, in the application of the law for the prevention of pellagra.

* * *

With a view to increasing the income of individuals in country districts infected with pellagra, attempts have been made to introduce home industries. As there appeared to be, in the territory under consideration, a large number of women unprovided with any form of occupation, the industry which it was decided to introduce was the manufacture of embroidery. The lack of occupation for women was indeed so marked that large numbers of peasant girls had emigrated to Vararlberg, Switzerland and Bavaria in search of work in textile factories. As the manufacture of embroidery can supply permanent and remunerative work for a large number of persons, without necessitating any heavy outlay for tools, etc., it seemed peculiarly suited as a home industry in these districts.

As an experienced worker can work in one day as much as $2\frac{1}{2}$ to 3 skeins of thread (of a length of 1000 yards, and of 1000 grammes in weight) the net daily gain amounts, on an average, to 1.80 or 2.20 crowns.

The preliminary preparations for the introduction of this industry were begun in August 1906, with the intention of extending the industry throughout the whole of the zone infected with pellagra. With a view to assisting in this work a *Central Establishment* was founded at Trent which was to keep in touch with all persons occupied in the industry, note the progress made, undertake all negotiations with the customs authorities in obtaining raw material, and act as agents for the sale of the manufactured wares.

Another duty of the Central Establishment, will be to receive, register, and examine the quality of all raw material intended for distribution, and to pass such material to branch establishments which will be opened up in the various communes according as the number of workers and their productive capacity necessitates.

The work consigned to the various branch establishments is eventually re-collected by the Central Establishment, where it is overlooked, faulty work corrected, and then returned to the Swiss traders.

In addition to this the Central Establishment acts as a kind of Clearing House for the sums due from, and payable to, the workers respectively for raw material handed to them, and for finished work received. It checks the individual accounts and pays to each one of the branches the amount due for work received from them. It also undertakes all correspondence with the Swiss manufacturers, and, in short, manages the whole technical and commercial work in connection with the enterprise.

The results up to the date of the report (1907) have been most promising, the amounts gained varying between 0.60 and 1.20 crowns per diem, while some workers have earned as much as 1.50. As, however, a worker gener-

ally requires a period of some $2\frac{1}{2}$ to 3 years before being an adept at the work, the figures given above do not represent a true average earning, as a large number of workers are not yet sufficiently experienced to accomplish a normal output.

§ 9. Pellagra Institutes and Sanitary Eating Houses.

The programme which we have exposed up to the present, and which comprises the substance of the law referred to, forms either directly or indirectly a preventive campaign.

It would however hardly be fair to those who are already victims to the disease, if the whole of the action against pellagra were limited to preventative measures.

Those already afflicted with the disease have, however, also been provided for by the introduction of pellagra institutes and sanitary eating houses.

The institute is reserved exclusively for cases of pellagra. In the majority of cases the patient leaves the institute almost completely restored and in such a condition as to be able to complete the cure in his own house and regain perfect health.

The object of the sanitary eating houses is to supply, once daily during a period of 40 days, to any person who has been affected with pellagra for one year or more, a good meal composed of food rich in nitrogenous substances and fat.

(a) *Pellagra Institutes.* — In the pellagra institutes poor patients are received and treated at the expense of the commune, while those who can afford to pay bear, themselves, the cost of the treatment.

They are institutions *ad hoc*, and the one under the direction of Dr. Guido de Probizer at Rovereto may be taken as a typical example.

For a detailed description of this institute and of its management — a subject which goes beyond the limits of this article — we would refer the reader to the *Relazione sull'andamento dell'Asilo di pellagrosi in Rovereto, nel triennio dal 1° gennaio 1905 al 31 dicembre 1907* and to the official periodical: *Das Oesterreichische Sanitätswesen*, Numbers 50-52, of the year 1906.

We will merely remark in passing that this Institute consists of a large and spacious building, situated in an excellent position and surrounded by gardens; it has rooms for some hundreds of patients, and is supplied with all the most modern means for scientific research.

During the first three years of its work (1905-1907) 456 resident patients were treated, of which 274 (77.7 %) were men, and 180 (22.6 %) women.

The results of the treatment could not possibly have been more satisfactory; in all patients who had spent a period of at least 3 months at the Institute a considerable regain of strength was noticeable. By the end of this time the patients invariably showed a good increase in weight (sometimes as much as 30 kilograms) and a corresponding increase in strength.

(b) *Sanitary eating-houses.* — The most important of these houses is the one situated at Rovereto, at which during the first year of its work, viz. 1907, an average of 200 persons from the surrounding district infected with pellagra, were served daily.

The number of portions served in that year were as follows :

Number of portions	Content	Quantity per portion	Price per portion in hellers (100 hellers = 1 crown)
51,304	Soup	0,75 litre	12
14,344	Beef	42 grammes	16
48,138	Cooked vegetables	300 "	10
103,240	Bread	100 "	4
165	Cheese	80 "	10
1,323	Roast stock-fish.	170 "	20
982	Maccaroni with butter	200 "	24
111	Tunny		

As will be seen from the foregoing table, the utility of these eating-houses is enhanced by the fact that the food is sold at an exceedingly low price.

§ 10. *The Financial Basis of the Pellagra Campaign. — Various Clauses.*

In addition to the provisions already enumerated, the law further provides that qualified doctors shall reside in those districts where adequate medical advice is not at present available.

It is also provided that statistics shall be compiled with regard to the number of cases of pellagra ; and that an active propaganda shall be opened up with a view to enlightening the population as to the causes of pellagra, and the best means of preventing and curing it.

In order to meet the expenses incurred in this Anti-pellagra campaign, a special fund has been opened, which is formed by donations and contributions by the State, the Province, and other sources.

In 1907 the Provincial Committee (*Landesausschuss*) of Tyrol placed the sum of 46,500 crowns and in the previous year 75,000 crowns at the disposal of the fund.

Any further details in regard to the Act, may be gathered from the translation of the latter, which has been added as an appendix.

APPENDIX.

An Act to provide for the prevention and cure of Pellagra.
(February 24th., 1904. No. 25, Bulletin of Provincial Laws).

With the advice and consent of the Diet of my Countship of Tyrol, be it enacted as follows :

§ 1.

In the whole of that portion of the Countship of Tirol which is infected with pellagra measures shall be taken to effect an improvement in the conditions under which the population of these localities live.

The measures to be adopted are :

1. The erection and management of sanitary eating houses ;
2. The erection and management of drying kilns for maize and of storehouses for same ;
3. The erection of stores for the sale of maize, which will provide the population with maize and the products thereof, in a healthy and edible condition, either against cash or in exchange for diseased maize or grain of inferior quality (1) ;
4. Assistance in the institution of bake-houses for bread, to be managed by the communal authorities ;
5. The erection and upkeep of pellagra institutions and provisional hospitals for pellagra patients ;
6. Assistance in installing qualified doctors in districts infected with pellagra, and which are not provided with adequate medical assistance ;
7. To instruct the population in matters regarding pellagra, the nature of the disease, and effective means of combating it ;
8. The compilation of statistics with regard to pellagra ;
9. The distribution of prizes as rewards for scientific work in the investigation of pellagra ;
10. The furtherance of agricultural enterprise, of industrial undertakings, and of all public works and constructions of general utility in pellagra districts.

The term "pellagra districts" includes all communes declared by the Government, to be infected with pellagra.

(1) In the Law of January 1st., 1911, relative to the Duchy of Bukowina the following article has been added : " This exchange shall not, however, take place by reason of climatic conditions or for any other purpose than to make exchanges against sound maize in the maize depôts ".

§ 2.

In order to supply the financial means necessary for the execution of the provisions made in § 1, a special fund (Pellagra Fund) shall be opened. Such fund shall be maintained by contributions from the State and by the Province out the resources obtained for such purposes by constitutional methods, and by other donations.

§ 3.

The pellagra fund shall be administered by the Lieutenant in accord with the Provincial Committee, the same parties being responsible for the application of the provisions made in § 1.

The estimates of expenditure from the pellagra fund must be approved by the Provincial Committee and the Ministry of the Interior.

§ 4.

A special commission (Pellagra Commission) shall be formed to give advice and publish information in all questions referred to under § 1 of this Act.

The Lieutenant, or other person to be named by him, shall act as president of the commission, and preside at the discussions.

Members having votes on the Commission are :

1. Three representative delegates of the Provincial Committee ;
2. Two employees of the Lieutenancy, to be elected by the President ;
3. One representative delegate of the 2nd Section of the Provincial Agricultural Council ;
4. One delegate from the Chamber of Commerce and Industry in Rovereto ;
5. An expert elected by the faculty of medicine at Innsbruck ;
6. The Provincial Sanitary Inspector (inspector of pellagra) appointed, in accordance with § 5, paragraph 1 of the law of January 5th., 1896 (Bulletin of Imperial Laws, No. 17) to supervise and inspect the sanitary conditions of the pellagra territory ;
7. A doctor delegated by the provincial sanitary council from among its members ;
8. Two doctors to be placed on the commission by the Chamber of Doctors in Trent.

The President is also authorized to admit other experts either temporarily or permanently, as extraordinary members of the commission.

Extraordinary members may take part in the discussions but shall not vote.

§ 5.

Before applying any of the more important provisions dealt with in § 1 of this Act, the Lieutenant shall first hear the opinion of the Commission. The Commission can propose such provisions of its own initiative.

The execution of business by the commission is made upon instruction from the Lieutenant in accord with the Provincial Council.

§ 6.

The Commission shall meet in Innsbruck. Members who do not reside in Innsbruck shall be allowed an indemnity for travelling expenses incurred. Such indemnity shall be paid out of the pellagra fund, and the amount shall be fixed by the Lieutenant in accord with the Provincial Committee.

§ 7.

The political authorities of first instance are requested to co-operate in the application of this Act.

The heads of communes are compelled to assist the political authorities in the application of the Act.

§ 8.

The communal doctors are compelled to co-operate within their districts and upon the request of the political authorities, in the application of this Act, and more especially, in regard to the supervision of the institutions mentioned in § 1, items 1 to 5.

The communal doctors are further compelled to report to the political authorities, in compliance with the instructions issued by the Lieutenant in this respect, all cases of pellagra or of death from pellagra which come to their knowledge.

§ 9.

All communal doctors who do not comply with the orders issued by the authorities under whose control they are placed in virtue of this Act, shall be fined, by the political authority of the district, to the extent of a sum not less than 5 and not exceeding 50 crowns.

§ 10.

The technical examination of maize and other comestibles, rendered necessary in the campaign against pellagra, shall be carried out, at the ex-

pense of the Pellagra Fund, by the Agricultural Experiment Station of S. Michele, in compliance with § 25 of the law of the January 16th., 1896 B. L. I. N° 89. (Law in regard to food stuffs).

§ II.

This Act shall come into operation on the day of publication.

§ 12.

The application of this Act is entrusted to the Minister of the Interior in accord with other Ministers interested.

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MISCELLANEOUS

ITALY.

CURRENT QUESTIONS.

Italian Agriculture in the Last Fifty Years.

I. — General Conditions of Italian Agriculture.

§ 1. *Characteristics of Italian Agriculture.*

It is not easy to determine the character of Italian agriculture. It is even doubtful if we can speak of Italian Agriculture, considering the great disparity of natural and social conditions, of traditions and systems offered by our country. The agriculture of Italy also has to bear the consequences of its centuries of history, of the nation being until yesterday divided, while its political and legal constitution as well as the degree of its intellectual cultivation varied so greatly from place to place, and consequently agricultural enterprise and activity had not always a free field for development, or developed among manifold difficulties, not always to be overcome, and aided in varying degree by the authorities.

It would be easier to make oneself understood if, instead of Italian agriculture, we spoke of Piedmontese or Lombard, Tuscan or Emilian, Campanian or Apulian, Sicilian or Sardinian agriculture: since everybody finds that each of these expressions corresponds to a whole, however varied, capable of being considered in itself as the result of characteristic natural, historical and economical conditions.

§ 2. *Diversity of Conditions : Northern and Southern Agriculture.*

The differences Italian agriculture presents in the various divisions of the Kingdom, are such and so important that we may affirm without exaggeration that Italy includes in its limited territory, of little more than 286,000 square kilometres, whatever is most typical of agriculture in the countries of Europe most remote from each other. Indeed, Italy presents, in the Alpine regions of Piedmont, Lombardy, and Veneta, natural conditions that may be compared with those of Switzerland, since if the inhabitants of the Alpine region of Italy cannot compete with the industrious Swiss population in the care of forests and the improvement of livestock, the flourishing conditions of those Swiss industries is an end to attain which the Italian mountaineers must turn their attention. Close by, in the plain of the Po, which gradually descends to the Adriatic, we find kinds and systems of cultivation that permit of comparison with the most advanced agriculture of the North of Europe, and not even are there wanting in the Polesine and Ferrarese those *polders* which once were the boast of Holland alone. The vineyards of the Piedmontese hills, in the type of their wines permit of comparison with French viticulture and more especially with that of Burgundy ; as those of Latium, Apulia and Sicily find their counterpart in Spanish agriculture, which these provinces also resemble in the cultivation of oranges, etc. The cultivation of cereals in the Tavoliere di Puglia exhibits a system of agricultural economy reminding us of that in use in the East of Europe. A traveller, leaving Palermo or Trapani and arriving in Tunis, may imagine himself still in Sicily ; since the work of the Italian emigrants themselves has produced in Africa the same class of cultivation that is found in the island, with vineyards, and plantations of olives, almonds, sumach trees and even some attempt at the cultivation of cotton.

Such analogies do not exclude the existence of Italian characteristics which find no counterpart in other countries ; so that, if we may say that Italy has its Switzerland, its France, its Spain, its Roumania and its Africa, perhaps none of the nations of Europe can be said to have its Italy, ince Italy implies a union of the most various conditions.

§ 3. *The Climate.*

However, a study of the rural economy of Italy is first of all a study of agricultural geography. Signor Cuboni (1) has recently shown that North Italy, through its rigid winter and warm rainy summer, is not unlike the countries of Central Europe. South Italy, on the other hand, with its mild winter and its dry summer, except for its mountainous parts, belongs to what botanists call the Mediterranean region, which includes Northern Africa and the Coast of Asia Minor as far as Palestine. The two slopes of the Ligurian Apennines exhibit one of the sharpest contrasts in climate in the world. On the one side Europe terminates and on the other Africa begins. In the valleys of the Po the winter cold is intense, descending to 17 degrees below zero: the land, almost always covered with snow remains frozen from the second half of November till the end of March. As soon as we cross the Apennines the scene changes as if by magic. The snow disappears: the mean temperature rises from 0° in the valley of the Po to above 8° in Liguria and at Naples, to 18° at Cagliari and 11° at Palermo. At Milan there are on an average 59 days of frost, at Palermo none. In summer we find the surprising phenomenon of a decrease in temperature as we pass from North to South. The Summer nights of Milan have a temperature above that of Rome, Naples or even Sicily.

The contrast between continental and peninsular Italy and the islands is not only seen in the temperature, but also and even more, in the different distribution of the rains. In the valley of the Po it rains, more or less, all the year and in the Alpine regions the maximum rainfall is in summer. In Southern Italy, on the other hand, the greatest rainfall is in winter, when, that is, through the low temperature the strength of the plants is at least very much reduced: but in the summer there is no rain and so the vegetation, except in the fortunate cases of very low lying and damp land, is arrested by the drought.

The marked contrast between the North and the South exerts an influence on the Italian flora. The flora of the valley of the Po, exclusive of the oases of the Lombard lakes, belongs to that of Central Europe: its plants are almost the same as those of the German plain. If we cross the Apennines and enter Liguria, we find at once the luxuriant Mediterranean flora, which in more or less degree beautifies all the rest of Italy and is found in greater luxuriance on the African coast. The olive, the holm-oak, the laurel and, nearer the sea, the orange, lemon, and palms take the place of the oaks, olives, birches and poplars of Central Europe.

(1) *I problemi dell'agricoltura meridionale* in the *Rassegna contemporanea*, N° 5, 1909.

With these trees there is a splendid supply of shrubs, bulbous plants, and perennial grasses, such as myrtles, lentiscs, phillyrea, asphodel, acanthus and many other forms that inspired the art of antiquity and the renaissance.

§ 4. *The Soil.*

Nor are the conditions of the soil less variable. The legend has been long exploded that Italy is a country of great fertility. The title garden of nature, applied by strangers to some fortunate region, like the lake of Como or the Gulf of Naples, cannot be extended to the whole peninsula and the Italian islands.

Italy, if we except the valley of the Po and a few other smaller valleys, is principally a country of hill and mountain, and in many parts, of high mountain often precipitous and desert. There is therefore a part of the country hopelessly unproductive. Even the fertile part includes a long succession of poor pasture lands, not admitting of cultivation really and truly so called, and in the lower parts there is a series of torrent beds and swamps the produce of which, under present conditions, is very unsatisfactory. To these conditions the thoughtlessness of man has largely contributed, especially by the injudicious destruction of the forests. But in contrast with this it is but just to say that wherever we can speak of fertile land in Italy, as for example much of that in the valley of the Po, the fertility is due not alone to the liberality of Nature but also to the patient industry of many generations of farmers. In Italy, wherever we find favorable conditions of soil, they have almost always been created by labour and capital. Where they are wanting they can only be provided by means of capital and labour. The soil of Lower Lombardy with its marvellous system of irrigation, so much admired throughout the world was originally but a succession of stony wastes: the rich land of the Bolognese plain was formed by means of successive embankments; the lands of the Polesine and Ferrarese were acquired for agriculture by means of drainage and require powerful pumps for their preservation. The Southern land receives life from the sun; but on the condition that in the summer heat it be rendered also humid by means of irrigation. The whole South is and will be in the future only a poor country unless it succeed in enriching itself by means of industry with a perennial watersupply. The whole hilly region, occupying the greater part of Italy, in the condition into which it has been reduced by former deforestation and the want of a good water system is in many places almost sterile. And if it is not so everywhere and there is a possibility that the Italian hills may be profitably cultivated and attain a high degree of intensive cultivation, that may occur, and al-

ready has occurred in part, especially in Central Italy, on the condition of a costly system for preventing landslips and hindering the denudation of the soil by the rains.

§ 5. *Character and Conditions of Agricultural Progress in Italy.*

Consequently, in Italy the farmers' work is not merely connected with agricultural production ; but his industry must be extended to the preservation of the elements indispensable to it : the soil and the climate. And as its past progress was due to this, so the future progress of Italian agriculture must also be subordinated to it.

Such conditions, together with the great difference of climate and soil of our country above referred to, necessarily render progress difficult and slow, as various processes and precautions are required, which, being of unequal efficacy, cannot cause a uniform development. Yet it would be a mistake to imagine that the obstacle is invincible and that our country cannot derive considerable advantages precisely from its diversified character.

And indeed, it is a case of different elements, may be at present disunited, but not so discordant as to permit of no harmonious arrangement. In an occupation, like agriculture, the results of which are subject to the seasons and other natural accidents, the difference of conditions and the multiplicity of products may give useful compensation, and as it were serve as an insurance if not for private, yet for the National, economy. Consequently, if with variety of aptitudes there be prudent specialisation also in the future, as we find luminous examples of it in the past, Italian agriculture may become a more perfect organism, precisely because more complex, and Italy may resume her post as mistress of the civilised world in the agricultural field. The goal is distant, but that does not say it cannot be one day reached and that the Italian farmers should not strive to reach it with all their might.

II. — Italian Agriculture in the Period of the National Revival.

§ 1. *Deficiency of General Statistics.*

I. In order to institute a really instructive comparison between the present condition of agriculture in Italy and its condition fifty years ago, we should need to have an agricultural census of the Kingdom at the date of its constitution or at least statistics of the several States into which Italy was divided, for the last period of their existence. But we have

neither the former nor the latter. We must content ourselves with an attempt made by Correnti and Maestri, which although based on most imperfect and partly conjectural data, we esteem worthy of consideration, on account of the recognised competence of those two distinguished statisticians, observers equally sagacious and conscientious. And we cannot help saying that if we have any information as to the condition of agriculture at the date of the constitution of the Kingdom, that is due to the patriotic spirit by which the men of that day were inspired in all their work.

The *Annuario Statistico* (1) of Correnti and Maestri was not only a work of scholars, but of Italians. Wishing to show what their country was at the moment of the "risorgimento", they were necessarily compelled in the period of foreign domination to treat of geographical Italy. But they continued to give their attention to the subject after the constitution of the Kingdom, extending their statistical investigations even to the provinces not yet annexed, with a sense of nationality and a courage that to-day may seem rash. So in their agricultural statistics for 1864 (2) are included data for the provinces of Venetia and Mantua and the province of Rome.

§ 2. Principal Kinds of Cultivation and Produce.

The distribution of the land from the point of view of agricultural economy was established by Maestri, as follows, the data being to a great extent approximate.

	Hectares
Ploughed lands with or without vines	11,541,422
Natural and artificial meadows	1,208,381
Ricefields	144,907
Olive Plantations	583,268
Chestnut woods	595,832
Forests	4,434,569
Pasture Land	5,599,588
Pools, Valleys and Marshes	1,170,882
Uncultivated Land	2,885,345

Productive or Estimated Productive Area . . . 28,164,194 (3)

(1) *Annuario statistico italiano*, 1857-58.

(2) *Annuario statistico italiano*, 1864.

(3) This area seems excessive when compared with that reported later by the Florence Military Geographical Institute, which established the area of the Kingdom at 286,682.22 sq. Kms. The excess is partly due to some of the areas, like that given for natural and artificial meadows, being included also in other classes.

The figures referring to the area of the various kinds of land are followed by those of the principle produce :

	Hectolitres
Wheat	35,820,000
Maize	16,900,000
Rice	1,433,000
Other Cereals	17,150,000
Cereals	71,303,000
Potatoes	9,558,000
Dry Vegetables	4,108,000
Chestnuts	5,395,000
Wine	24,003,000
Oil	1,565,000

Even at that date as at present, Italian agriculture was characterised by the prevalence of the cultivation of cereals. Italy devoted to this more than half of her ploughed land, while France only cultivated a third of hers with cereals. So that Italy in proportion produced more than France. But, observed Maestri, this was not a matter for boasting, since this superiority was altogether to the detriment of the production of cattle foods and the relative livestock improvement, which was carried on nowhere, except in Lombardy. So, while in France more than a third of the cereals sown were cattle foods, in Italy these formed only about a tenth. The cultivation of rice was of special importance at that time, both on account of the intelligent method of its cultivation and the amount of the production, which was far the largest in Europe ; so that it was exported in considerable quantities. The yield from the ricefields in Upper Italy varied from 18 to 60 hectolitres of rice in husks, from which from 30 to 50 % husked rice was obtained. On the other hand, the general average yield of wheat was very small, even supposing that 3 million and a half of hectares were under cultivation, since only 9 hectolitres could be reckoned to the hectare. Yet it was calculated that the yield of cereals was little less than three hectolitres per head of the population.

Among the ligneous plants cultivated also at that date the vine was chief, with an average yield of 25 million hectolitres, and next the olive from which $1\frac{1}{2}$ million hectolitres of oil were derived. The mulberry leaf nourished enough silkworms for a total yield of 214 million francs.

Besides the above, many other herbaceous and ligneous plants were cultivated and are still cultivated, such as hemp and flax in Upper Italy and tobacco in Central and Southern Italy. Then in Sicily and the Nea-

politan Provinces cotton was cultivated supplying about 60 thousand quintals of raw cotton and about twice as much of seeds. Its cultivation has now been almost abandoned, although attempts have been made recently to revive it. Also at that date in the Southern Provinces there was a very extensive cultivation of the orange group of trees, as well as of the almond, carob bean, and prickly pear, and everywhere fruit trees and vegetables, although there is no detailed information with regard to these.

In cattle, the poverty of Italy was manifest. The statistics gave for the whole Kingdom only 3,700,000 head of horned cattle, 1,300,000 horses, 12,000,000 head of sheep and goats, and 3,800,000 pigs, while it must be said, that comparison with later census returns shows that this number of sheep and pigs must have been considerably exaggerated. So Maestri lamented that Italy had less than half the horned cattle that France bred; the horses, asses, mules and sheep were still less in proportion; only the pigs were in excess. But altogether there were only 22 million head of all kinds, which, with the necessary deductions only gave 7 million head of large cattle, insufficient for so large a cultivable area.

§ 3. *The Amount of Agricultural Production.*

Maestri attempted a calculation of the gross yield of Italian agriculture based on the amount of vegetable and animal produce derived from it, a calculation we must regard as largely imaginary, and which can only be accepted very approximately.

According to it, the gross yield from Italian agriculture would be about 3 milliards of francs, of which a little more than two milliards would be derived from the produce of the soil and less than a milliard from animal produce. These 3 milliards would mean about 120 frs. per inhabitant.

§ 4. *Trade in Agricultural Produce.*

The following figures showing the foreign trade in agricultural produce will help us to form a less imperfect idea of the relative importance of Italian agricultural production at the beginning of the fifty years' period. We begin with the cereals

	Imports Quintals	Exports Quintals
Wheat	3,302,548	2,489,177
Maize	660,839	534,030
Rice	128,896	332,540
Other Cereals	623,423	511,939
Total	4,715,706	3,867,686

For the cattle trade we have the following figures :

	Imported Head —	Exported Head —
Horned Cattle	247,251	144,757
Horses	20,310	18,138
Sheep.	175,108	225,680
Pigs	76,996	86,275

In the case of the above goods the total imports only exceeded the exports by about 50 million francs. Now if account be taken of other products, of which the export exceeded the import or which were exclusively exported, such as wine, oil, hemp, flax, oranges etc., certain dye plants, dried fruit and vegetables, which at that time instead of being imported were exported from many parts in considerable quantity, we may affirm that Italy at the beginning of the fifty year period, while its agricultural wealth was small, still sufficed for itself.

§ 5. *Hopes for the Agricultural Revival of Italy.*

The most authoritative writers of the time, recognised that Italy's supremacy in agriculture, once uncontested, had now been lost and that it was necessary with the political revival to provide for this principal branch of economic production. Therefore, in those early days the most distinguished Italians, scientific agriculturists, economists and politicians gave their minds and hearts to agriculture and founded their best hopes for the future of the country on its revival. Among them all it is sufficient to mention one, the Count Cavour. He, who in his days of waiting and retirement found favorite occupation and consolation in agriculture, spoke as follows in Parliament: "As soon as I have, as far as in me lies, given Italy to the Italians, all my care shall be given to the advancement of its agriculture. In that direction I see a future so great and flattering, that I shall never be contented till I have done enough to realise it for the honour and glory of my country."

III. — Italy in the Thirty Years, 1871-1900.

§ 1. *Division of the National Territory.*

There is no general report on agricultural cultivation and produce resting on a really positive basis either for the period immediately following the constitution of the Kingdom, nor indeed for that immediately after 1870. Yet from some official publications of the Agricultural Department

and some general enquiries one may very approximately infer what was the state of agriculture at the end of the 19th. century.

In 1894 an attempt was made to establish a general classification of the territory of the Kingdom according to the different kinds of land, with the following results :

	Hectares
Land fit for sowing with herbaeous plants	8,502,318
Land for specialised cultivation with ligneous plants . . .	1,095,649
Meadows	5,519,539
Kitchen gardens, orchards and gardens	150,000
Chestnut woods	412,491
Forest Land	4,092,731
Alpine Pastures	358,776
Poor or Sterile Land (including about a million hectares capable of cultivation)	3,878,187
Unproductive Land (Water, roads, buildings, with 500,000 hectares of reclaimable land and 2 million hectares of land unproductive through its high elevation) . . .	4,649,204
 Territory of the Kingdom	 28,658,895

The above classification gave rise to much just criticism on many grounds. People were alarmed at the large area shown as unproductive or almost so.

But it must be observed that the amount of this area was not really ascertained, but was the result of a subtraction, so that it may be corrected by variations in the other classes, some of which seem to show an amount inferior to the truth. So, among the lands for sowing are not included artificial meadows nor fallow land. The subtraction of these would considerably decrease the amount shown as unproductive land. The land under wheat according to this classification would be 4,500,000 hectares and that under maize 1,900,000.

§ 2. *Annual Yield of the Soil.*

The data possessed up to recently relative to the annual yield, even of the principal crops, is no less imperfect. We, however, give the following table prepared from information collected during the long period from 1870 to 1879, in which year the new agricultural statistical service began to work.

PRODUCE	Measure	Yield		
		of the Year or Period		Average
		of Maximum Production	of Minimum Production	
Wheat	Million Hectolitres	65.0	30.6	50.0
Maize	"	35.4	21.0	30.0
Rice	"	18.4	6.1	8.03
Barley and Rye . . .	"	5.2	4.3	5.5
Oats	"	7.4	5.7	6.5
Kidney Beans, Lentils and Peas	"	2.5	1.3	1.9
Broad Beans, Chickpeas, Lupines, Vetches . .	"	3.4	3.0	3.1
Potatoes	Million Quintals	7.2	6.9	7.0
Hemp	"	0.9	0.7	0.8
Flax	"	0.23	0.17	0.2
Chestnuts	"	5.7	2.6	4.0
Vines	Million Hectolitres	53.9	20.7	32.5
Olives	"	3.5	0.6	2.4
Oranges, etc.	Million Fruits	5.2	2.9	3.5
Cocoons	Million kilogrammes	56.6	15.1	40.5

§ 3. *Livestock Improvement.*

The Census of Horses in 1876 and that of the other kinds of animals in 1881 give us an idea of the position of livestock improvement in the period between the constitution of the Kingdom and the present day. The following are the results:

	Number
Horses	657,544
Asses	674,246
Mules and Hinnies	293,868
Horned Cattle	4,772,162
Buffaloes	11,070
Sheep	8,596,108
Goats	2,016,307
Pigs	1,163,916

Comparing these figures with those collected by Maestri at the date of the constitution of the Kingdom we find an increase of 1 million head of horned cattle ; on the other hand there is a decrease in all the other species, especially in the pigs. The doubt, however, arises whether, especially for these latter, Maestri's figures were correct. What can be affirmed with no fear of contradiction is that livestock improvement, after twenty years of national life was still very backward in Italy and showed a great inferiority of our country in comparison with other European nations that had made greater progress in agriculture.

§ 4. *Almost Stationary Condition of Italian Agriculture.*

The above statistics seem to show an almost stationary condition of Italian agriculture. Does this correspond with the truth, especially for the period 1871-1900, or is it the result of an erroneous statement of the facts? While we cannot ignore the effect of the imperfect method followed in the statistical investigations, which has been clearly revealed by the results obtained by the new agricultural statistical service, we do not think that the old statistics quite hid the truth and have concealed from us a really considerable general advance.

Besides, it is known to every one, independently of any statistical reports, that the revival, that has taken place in the agriculture of the most civilised countries of Europe, began comparatively very late in Italy. Statistics, it is obvious cannot show the first beginnings of a forward movement in the ten years 1891-1900, which had, as was natural, a greater importance in point of quality than of quantity. Statistics cannot show the progress achieved by a few pioneers : there are no instruments of sufficient delicacy even where there is excellent organization. For a movement to be observable, it must be a mass movement. Now such a movement did not take place in Italy until within the last ten years.

§ 5. *Foreign Trade in Agricultural Produce.*

This statement of ours is confirmed by Statistics of international trade in agricultural produce, which taken all together show a quite stationary condition.

Amount of Import and Export Trade in Agricultural Produce in the Thirty Years, 1870-1900.

		Average for Five Years	
		Imports Fr.	Exports Fr.
1871-1875	. . . . .	265,022,000	286,134,000
1876-1880	. . . . .	292,120,000	349,467,000
1880-1885	. . . . .	251,420,000	341,700,000
1885-1890	. . . . .	342,981,000	263,893,000
1890-1895	. . . . .	226,782,000	230,340,000
1895-1900	. . . . .	290,078,000	244,324,000

The consideration of the figures for separate articles would not modify the impression made by the total amounts. There would only be an indication of progress in the amount of manure imported, which from about 3 million francs in 1871 rose to more than 15 millions in 1900 and that of agricultural machinery which rose from less than a million francs in 1888 to more than 4 millions in 1894. The sudden fall in the exports rising gradually from 250 millions in 1871 to 400 millions in 1883 and remaining above 300 millions in the period 1875-1887 was chiefly due to the cessation of the exportation of wine to France, after the rupture of the treaty of commerce.

§ 6. Causes that have impeded Agricultural Progress in Italy.

We have already mentioned what hopes our best men had of an agricultural revival in Italy. They thought that by the breath of liberty the soil itself would be quickened. Unfortunately, the result did not answer these patriotic anticipations. What were the causes of the sad reality?

Two causes were repeatedly insisted upon in the past: 1st., the ignorance of the agricultural population and its resistance to any innovation; 2nd., the heavy taxes. The influence of neither the one nor the other can be excluded; but it would be a mistake to hold that such influence was either exclusive or preponderant. In our opinion, the principal cause that hindered the progress of Italian agriculture in these thirty years was the extreme scarcity of capital, necessary for the transformation of the soil and the intensification of cultivation, that, as we have already shown, are the fundamental conditions of all agricultural progress, especially in a densely peopled country like ours, which in 1871 had 93 inhabitants per sq. Km. or 20 more than there are to-day in France.

This being granted, it is easy to convince ourselves of the great effect the absorption of capital by means of public loans issued to meet the urgent necessities of the State, and as a consequence, of the provinces and communes, must have had on Italian agriculture. Before the high rate of interest and the low price of Government annuities, every other investment, and especially agricultural investments with their modest returns had to give way. But another circumstance must be remarked, the effect of which was similar, namely the enormous sale of ecclesiastical property by the State.

These alienations made it possible for anyone desiring land and ready to invest his own money to purchase without improving the land, and often to purchase more land by means of payments at long date in instalments, than he had available money for. Another fact to be borne in mind is the change in the civil law, by the promulgation of the new Code in 1865. Through the abolition of *fidei-commissi* and *majorat*, and by the reform in the law of succession, many estates were divided and as a consequence many mortgage debts and sales were occasioned.

These two facts were more closely connected in their effects than would appear at a first glance, as both contributed to the rapid transfer of property from owner to owner and to that general lowering of the price of land which absorbed the little capital available and diverted it for a time from any investment in land and agricultural improvements. Whoever was compelled at that time to sell did so at a loss ; but for, the same reason others found it possible to buy. There was, in a word, at that time, a speculation in land, which, diverting capital from production arrested, at least for a certain time, the progress of agriculture.

Two other facts also may be added. The first, the excessive development of viticulture, resulting in a serious crisis, through the rupture of commercial relations with France.

To say the truth, this rupture was rather the accidental cause of the crisis. The true cause was that viticulture had been extended without provision being made for the regulation of the wine industry, or for a certain market for the produce.

Perishable raw material like grapes and must can not be produced, without the producer being exposed to the tyranny of intermediaries, and the risk of sudden changes in the market price. It was attempted to reduce the effects of the crisis by more favorable commercial treaties with Germany and Austria ; but the compensation was insufficient and the wounds were not healed, until later when the home market absorbed the whole produce of the vineyards.

Another cause of far greater gravity that retarded the agricultural progress of Italy was the crisis occasioned in the whole of Europe by transatlantic competition in the production of grain, especially wheat. The

consequences of this are too well known, for us to dwell on them here. Nor shall we here touch on the very delicate question of the customs dues on grain, which are held to be a vital necessity for Italian agriculture. It will be enough, in mentioning the causes that have retarded the agricultural progress of our country to include also the crisis in the production of grain, which had more serious consequences in other countries of Europe than in ours, causing cultivation to be abandoned in many places, for example, in England, where agriculture had previously attained its highest development.

In conclusion we have no foundation for asserting that Italian agriculture made no progress in the thirty years 1871-1900. But it is certain that its progress was impeded by manifold circumstances in part arresting it and and in part rendering null its effects.

(To be continued).

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18	Ethiopia	V	Prof. G. CUBONI, Director of the Station of Plant Pathology of Rome.
19	France	I	LOUIS-DOP, Vice-President of the Institute,
20	Algeria	V	LOUIS-DOP, Delegate of France.
21	Tunis	V	LOUIS-DOP. Delegate of France.
22	Great Britain and Ireland	I	H. G. DERING, Counsellor to the British Embassy to the Italian Government.
23	Australia	IV	H. G. DERING, Delegate of Great Britain and Ireland.
24	Canada	II	H. G. DERING, Delegate of Great Britain and Ireland.
25	British India . .	II	H. G. DERING, Delegate of Great Britain and Ireland.
26	New Zealand . .	IV	H. G. DERING, Delegate of Great Britain and Ireland.
27	Mauritius	V	H. G. DERING, Delegate of Great Britain and Ireland.
28	Union of South Africa	IV	H. G. DERING, Delegate of Great Britain and Ireland,
29	Greece	IV	D. CACLAMANOS, Chargé d'affaires of Greece to the Italian Government.
30	Italy	I	Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute.
31	Eritrea and Italian Somaliland	IV	B. CHIMIRRI, Member of Parliament.

	States adhering to the Institute	Groups in which the adhering States are classified	Names and Rank of the Delegates
32	Japan	I	NAOTHOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government.
33	Luxemburg . .	V	O. BOLLE, Delegate of Belgium.
34	Mexico	II	G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy.
35	Montenegro . .	V	G. VOLPI, Director General of the Monopolies of the Kingdom.
36	Nicaragua . . .	V	V. E. BIANCHI, Consul General of Nicaragua at Rome.
37	Norway.	IV	Dr. A. FJELSTAD, Agricultural proprietor.
38	Paraguay . . .	V	Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici (Italy).
39	Holland	IV	H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy.
40	Peru	V	Dr. M. M. MESONES.
41	Persia	IV	A. DEL GALLO, Marquis of ROCCAGIOVANE.
42	Portugal	IV	LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon.
43	Roumania	I	DÉMÈTRE C. PENNESCO, Counsellor of the Roumanian Legation to the Italian Government
44	Russia	I	His Excell. G. ZABIELLO, Consul General of Russia at Rome.
45	Salvador	V	A. BALLO, Acting Consul General of Salvador at Genoa.
46	San Marino . .	V	His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy.
47	Servia	III	C. SCOTTI, Consul General of Servia at Rome
48	Sweden	IV	Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy
49	Switzerland . .	IV	J. B. PIODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy.
50	Uruguay	V	REQUENA BERMUDEZ, Chargé d'affaires of Uruguay to the Italian Government.

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

DENMARK.

RECENT NEWS

Distributive Associations.

Communicated by our Official Correspondent.

In reference to the statements published in the number for September 1911, of the "Bulletin of the Bureau of Economic and Social Institutions" on the development and present state of the Distributive Associations of Denmark, we give below the chief points of the financial situation of the *General Union* of these co-operative societies in 1911.

On the 1st. of January, 1911, 1,142, that is more than four fifths of the associations, formed part of the *General Union*, with a total of 164,000 members.

A year later (1st. January, 1912) twenty-seven new associations had been added to the number. The following data show the progress of the movement since 1896.

	Number of Associations belonging to the Union	Working Capital in millions of Crowns
1896	310	4.2
1903	852	19.8
1910	1142	46.1
1911	1169	48.8

Their reserve funds, which on January 1st., 1910 amounted to 2,775,000 crowns, amounted on January 1st., 1911 to 3,250,000 crowns and on January 1st., 1912 to 3,690,000 crowns.

The General Union is not devoted to commerce alone, for it spends a considerable amount also in the promotion of industries. The following table shows the amounts spent in both of these branches.

Commerce				Industries			
Amounts spent in millions of crowns				Amounts spent in millions of crowns			
Section:	1911	1910	1909		1911	1910	1909
Colonial Produce	34.05	32.84	29.90	Coffee-roasting .	2.14	1.76	1.57
Manufactures. .	3.57	3.00	2.68	Manufacture of chocolate . .	0.47	0.44	0.39
Edge-tools . .	2.92	2.62	2.37	Manufacture of sugar	0.23	0.22	0.19
Grain	2.13	2.17	1.75	Manufacture of tobacco and cigars	0.64	0.57	0.52
Wood	0.13	0.15	0.14	Manufacture of ropes	0.36	0.34	0.34
Wines	0.21	0.19	0.20	Manufacture of soap	0.90	0.81	0.73
Heavy goods . .	0.22	0.22	0.21	Manufacture of chemicals. . .	0.22	0.20	0.17
Bicycles	0.09	0.15	0.16	Knitted goods .	0.13	0.09	0.08
				Spice-grinders .	0.25	0.23	0.19
				Tea	0.14	0.14	0.13
Total . . .	43.32	41.34	37.41	Total . . .	5.48	4.80	4.31

Thus, we may see an increase in financial importance in the transactions of nearly every branch. The profits, which in 1910 amounted to 2,350,000 crowns rose in 1911 to 2,710,000 crowns, an advance of about 400,000 crowns, but of this sum 70,000 crowns had been carried forward from the preceding year. The amount was distributed as follows:

	Millions of crowns
Interest on shares and reserve funds	0.20
To the associations (6 %)	2.05
Extinction of Debt on real estate	0.25
Sum reserved for renewals	0.25
Carried forward to the next year	0.03
Total	2.78

The associations belonging to the General Union received 6 % on 34,210,000 crowns, the amount of the purchases giving claim to dividend.

At the same time, the capital of the General Union was increased by half a million crowns, So it results, according to the report of the General Union, that its partners, the associations, have gained 8 % on the total of their expenditure in purchases giving claim to dividends. This rate of interest is what must be considered by the associations if they wish to have an exact idea of the advantages they derive from their adhesion to the General Union. We show below the Financial situation of the Union for the year 1st. January, 1911 - 1st. January, 1912.

Financial Situation of the General Union.

Assets (millions of crowns)			Liabilities (millions of crowns)		
	1st Jan., 1912	1st Jan., 1911		1st Jan., 1912	1st Jan., 1911
Stock of goods . .	5.99	5.05	Co-operation Ac- count	0.76	0.68
Cash in hand . .	0.05	0.06	Reserve Funds Ac- count	3.25	2.78
Inventory	0.27	0.38	Dividend Account	0.16	0.15
Landed property .	3.15	3.13	Loans Account . .	2.77	2.63
Due by Various Debtors	7.60	6.62	Insurance Account against Fall in Prices	0.20	0.20
			Less Value of Bul- dings	2.25	2.00
			Insurance (Strikes) Account	0.07	0.07
			Insurance Account	0.10	0.10
			Loans on property	1.35	1.37
			Various Creditors .	3.36	2.87
			Last years' Balance	0.08	0.04
			Net Surplus . . .	2.71	2.35
Total . . .	17.06	15.24	Total . . .	17.06	15.24

CO-OPERATION AND ASSOCIATION

FRANCE.

CURRENT QUESTIONS.

Some Typical Examples of Co-operation for Production and Sale.

Sources:

Report of the 8th. National Congress of Agricultural Syndicates, Toulouse. Union of the South, 1912. (Reports by M. Henry Lambertin, President of the Toulouse Co-operative Violet Growers' Society; M. Claude Marty, Vice-President of the Co-operative Stables Society of the South; M. A. Salgues, Vice-President of the Haute-Garonne Co-operative Win. Society).

PETIT, C.: *La Coopérative pour la vente des pêches et autres fruits à Millery (Rhône)*. (*Co-operative Society for the Sale of Peaches and Other Fruit at Millery*). Bulletin of the Union of the Agricultural Syndicates of the Alps and Provence. June, 1912.

§ I. *Haute Garonne Co-operative Wine Society.*

This society was formed at Toulouse in 1904: its principal object is the collective sale of wine produced in the 732 hectares of vineyards of the district, the property of 72 landowners, large and small producers of wines of the most various character, red and white, ordinary wines, and wines *de luxe*. Every member engages to deliver at least the half of the wine he makes and may deliver the whole amount.

The wines are valued by a special commission and the prices fixed in accordance with a tariff established at the General Meeting, immediately after the vintage. The average price is generally rather above than below the wholesale trade prices; that is, however, not of great importance as such prices only serve for a provisional and conventional estimate of the wines delivered. The members may obtain advances of so much per

cent on this conventional value of their consignments ; afterwards there is a regular and final settlement of accounts in accordance with the real prices obtained from the sales.

The consignments have been on an average 13,000 hectolitres a year, except in 1910 when the vintage was almost nil — and have been altogether 80,000 hectolitres for 1,500,000 frs market price.

The society has adopted, as a technical principle, the mixture of its wines in such a manner as to furnish a series of types corresponding to the demands of its customers. For this purpose, it has built a cellar capable of holding 17,000 hectolitres, which cost 125,000 frs. To this amount we must add the working capital to cover the cost of business operations and the advances to members. Altogether the society has sometimes had engagements of over 300,000 frs. with the Banks.

What results has the society been able to show ? The first year they were not too good, in consequence of the deterioration of about 6,000 hectolitres of wine due to defects in the vats ; but succeeding years compensated for this loss, and to-day, in case of liquidation, the society would be able to show a total profit of 100,000 frs, that is, an average profit of 11 %, or 1.25 % per hectolitre.

It has been stated by some that if the society sold all its wine directly to consumers it would make a larger profit : but the writer of the report from which we reproduce these data, points out that it would take some time before a clientèle could be obtained to absorb 12,000 hectolitres a year, and that for the present the producers should be satisfied to obtain the prices that wholesale dealers receive from retail traders. Account should be also taken of the difficulties inherent in the co-operative character of the society which cannot act with the same freedom as a commercial undertaking, nor avail itself of a picked and experienced staff, and does not rest on a solid financial basis. The society, in fact, was formed without capital and at first availed itself of loans in current account granted by the Bank of France, on the security of the unlimited joint and several liability of its members. Later on, however, the Bank was not satisfied with this guarantee and asked for a payment of 25,000 frs. Then the society had recourse to mutual agricultural credit, and by means of another payment of 25,000 francs constituted a capital of 50,000 frs, on the strength of which it could obtain a credit of 500,000 frs from the Toulouse Regional Bank, and later on a loan of 100,000 frs at 2 % extinguishable in 25 years on the security of the real estate of the society. The society thus obtained a solid financial basis.

But the members had to face another disappointment. They believed that the co-operative character of the society, and the rigorous selection of the contributions guaranteed by the rules, would create confidence in the consumers and facilitate the sale of their produce. They

had forgotten that in commerce prices are more important than confidence. The consumers, in fact, could only pay slight attention to the brand of the society and the co-operative distributive societies showed no fraternal indulgence for the wines of co-operative societies for production, while the dealers spared no effort in combating this new instrument for the lowering of prices.

Let it be added that in accordance with the strictest co-operative principles, the society forbade itself large purchases of wine for mixing which might have rendered its own light wines more saleable. So it found it had to face bitter competition; so that, if the society has facilitated for individual wine farmers the sale of their isolated stock of wine, it has only transferred their difficulties to the group of associated producers. However, it remains the moral representative of the wine growers and exercises an authoritative influence against the extension of fraud. From the experiences of the above society, the writer draws conclusions of a general character as to the organisation of co-operative societies for production. The co-operative idea is good in itself and deserves the encouragement that Governments give it today; it is certain, however, it should only be put in practice with great circumspection: in every case there should first be a diligent study of the available resources and the utmost care should be taken to secure a good system of management. The experience of the Haute Garonne Wine Society shows that, if it overcame its difficulties, this is largely due to the high character of its managers. Certainly, things would not have gone so well if the members had not had serious reasons for remaining faithful to co-operation. The first reason was that of *immediate interest*: the producer sold his wine at a better price, and was more certain of selling it, and with less trouble and anxiety, and had the advantage of a large advance, up to 75%. There is also the *remoter interest*: he knows there is a sure sale for his wine. If he is ill or dies, leaving heirs who cannot work, they will not have to fear the craft of dealers, the vineyard will continue to contribute to the needs of the household. Finally, the sentiment of solidarity has not been neglected; it has had a salutary reawakening, thanks to this association.

§ 2. Co-operative Society of Millery (Rhône) for the Sale of Peaches and other Fruit.

The farmers of the South have, in recent years, under the guidance of the Union of the Syndicates of the Alps and Provence, endeavoured to unite in societies for the collective sale of their produce, especially of their flowers and fruit. The co-operative system has given good results in this field, as the societies of Vallauris (Alpes-Maritimes), Cabrières d'Aigues (Vaucluse) (1) etc, show. An interesting example of the move-

(1) See *Bulletin of Economic and Social Intelligence*, June, 1911, p. 54; April, 1912, p. 46.

ment is presented by the co-operative society of Millery (Rhône) founded in 1910 among the fruitgrowers of that district, especially the peach growers. 97 out of about 110 fruit growers in the commune are members. Jointly and severally liable by the rules, they were able to obtain from the South East Regional Agricultural Credit Bank an amount of 4,000 frs to meet the initial expense of instalment. In its first year (1910), the society paid its members, after 15 days, 50 % of the net sale price obtained on the various markets, and at the end of the year the other half, less their proportion of the general expenses and a small amount kept back for the reserve fund.

In 1911, this last deduction was reduced, and did not exceed 20 centimes per kg. After this experiment, the society decided in future to pay the whole amount due to each member 15 days after sale, except his small contribution of 10 centimes the kg, which entitles him to an eventual dividend at the end of the year.

In 1910, after payment of expenses, the society was able to pay on an average 66.80 fr. per quintal. In 1911, it paid 37.95 frs per quintal for 78.491 kg. of fruit sold, retaining 0.094 fr. per kg. for expenses and reserve fund.

Before the society existed, the producers generally received no more than 17, 18, 20 or 22 frs. for their fruit, whether good or bad.

The difference went into the pockets of the local middlemen, who, in two or three years, had enriched themselves at the expense of the farmers.

The mode of working of the society is simple : a manager is entrusted with all the business, receives the goods, packs them, forwards them, receives payment and distributes the money among the members, utilising the material the Board of Management entrusts him with. Two members of the society assist him and decide the class in which the fruit must be placed in its turn and according to the order of its registration in the books. After this first operation, the fruit is weighed and its class and weight are entered in the members' book.

All the fruit received in a week is sold and paid for according to the average price for each class.

It is interesting to note the average prices received for peaches which are, as we have said, the most important class of fruit cultivated in the region. In 1911, first quality peaches attained the price of 75.60 fr.; second quality, 62.30 frs.; third quality, 39.45 frs.

Now, in 1906, 1907, 1908, 1909, first quality peaches were sold on the Paris markets at 75 frs. gross. The society received 75.60 frs. net.

This is easy to explain when we consider that it practises sale of its first quality fruit, as far as possible, against order without its passing through the markets : the profits are always large and are seen to be still larger when

we reflect that the above price is irrespective of the still considerable quantity of goods sold on the market by commissioners.

Every year, thanks to increasing business relations, sales against order increase and the day will soon arrive when the society will be able to sell all its produce directly.

The society has a very perfect financial information service, so that in 1910 it had no loss to complain of and in 1911 only 200 frs. against about 30,000 frs. net revenue. Its busy season is from June 15th to October 20th ; it sells cherries, strawberries, peaches, apricots, plums, pears and almonds.

The manager is paid so much per quinta¹, and it is altogether to his interest to adopt the most economic system of transport. The writer of the report from which we reproduce this information, concludes with some advice to the organisers of these co-operative attempts. Thus, for example, their district should not be too large, not more than a commune. The constant and strict supervision, and diligent carrying out of the regulations ; which are the first elements of success, do not permit of an extensive district.

§ 3. *The Toulouse Violet Growers' Co-operative Society.*

In the district of La'lande and Aucauville in Haute Garonne, Parma violets are largely cultivated : up to a few years ago, the cultivators sold their produce in the season between October and April, on the Toulouse market, where many intermediaries bought them to forward to customers in France and abroad, making a considerable profit.

The producers saw that if they organised they could obtain for themselves the profits made by the dealers, and, after constituting a syndicate, in 1908 they founded a co-operative society, of which 124 of the 300 violet growers of the district became members.

The new society received encouragement and assistance, also from the Toulouse Regional Mutual Credit Bank ; but even so it was not able at once to overcome all the obstacles encountered by every co-operative body, whether in introducing a habit of association among the agricultural population, or organising the business of the association and meeting the violent opposition of the dealers. But this is the history of almost all co-operative societies. Many members deserted the field, so that to-day the number is reduced to 64. Nevertheless, the society managed to make a way for itself and establish its position.

The following, according to information supplied by its president, is the system on which it works. Every morning early the members

bring their bunches of violets to the headquarters of the society: a special commission attaches a number to these, marking their quality, according to a pre-established scale. The weight of the bunches has an important influence on their classification, and may vary from 150 to 200 grammes. The same day they are carefully packed and forwarded to habitual customers and to commissioners on the Paris and London markets. These latter forward notes of sale showing the prices received.

The society has a current account with the Toulouse Regional Bank: on the one hand, it advances the necessary amounts, and on the other, receives the cheques sent by the commissioners, the orders and money forwarded by the customers. The balance to the society's credit is the profit for the season. This was nil for the first two years; for 1911, however, a considerable profit was anticipated on the 75,000 frs. business done.

§ 4. *The Co-operative Stables of the South.*

Founded in 1905, the *Co-operative Stables of the South*, realised the desires expressed at the Agricultural Congress held at Toulouse the year before, in which horse breeders were urged "to unite in Syndicates for the purpose of making known the qualities of the horses of the South and seeking markets for those refused for the army."

In fact, at that time, the livestock improvement of the region suffered from general depression; the breeders had imprudently tended towards an excessive production of cavalry horses, producing yearly 30,000 head. The cavalry only purchased 5,000 horses directly from the stables: thus, there remained 25,000 foals on the hands of the breeders, who could not utilise them. The Southern breeder is indeed not used to breaking horses, in fact he has a kind of terror of it, because it may be the occasion of injury that the remount officers, experienced in selection, will not overlook. As there were no purchasers on the spot, the breeder was obliged to sell his remaining horses cheap to middlemen, who took them to suitable markets, offered them to other remount officers, sold them, broken in, either to private persons or to livery stables, or exported them, realising in a few days the profits the breeder failed after three years' work to obtain.

To insure to the breeder at least a part of the profit made by the middleman, to create new markets for his produce, and to guarantee the strictest honesty in the trade, were the aims the Society proposed to itself.

Attempts made in 1835, failing especially through the want of commercial aptitude in the promoters had shown that such undertakings require before all things special administrative capacity.

The Co-operative Stables Society was fortunate to have among its organizers, M. Couzinet, manager of the Land Credit Institute, a man of great business ability. The sympathy shown towards the young institution by horse amateurs, the veterinary class, the press, the associations and the Government, facilitated its task. In 1906, the Minister of Agriculture granted it a subsidy of 2,000 frs; in 1907, the French Farmer's Society granted it 1,000 frs. and the city of Toulouse entered an equal sum in its accounts in favour of the society. Thus the Co-operative Stables of the South arose and progressed. Its mode of working is simple. The breeder brings his horse to the society's stables, and from that moment the society undertakes all the expenditure and risk. The horse, carefully broken, is sold at a price fixed in accordance with its physical and other qualities. Two thirds of the sale price are paid to the owner, $\frac{1}{3}$ rd. remains with the society until the end of the working year, so as to cover any expenditure or eventual loss. At the end of the year, the excess of the revenue over the expenditure is distributed among the owners of the horses, in proportion to the selling price and the estimates made in case of serious accident or death.

In order that the horses may be accepted at the stables, a certificate must be presented signed by the owner containing the information necessary for the just estimate of their value; this information is carefully checked, so that the sale may be conducted with every security and unimpeachable honesty.

The sales are at fixed prices, or prices established by the Board of Management in relation to the form of the animal, the training it has been possible to give it and its character. The horses are divided into classes, so that specimens suited to the special requirements may be sent to the various regions. Thus, the Stables have forwarded horses to Barcelona, Marseilles, Béziers, Paris and lately into Italy.

Auction sales are held periodically at Toulouse, where, under due guarantee, those horses are sold that have remained more than two months in the Stables, even after the price has twice been lowered.

The Co-operative Stables Society, besides, concerning itself with the economic part of the business. etc, has tried to reawaken the love of horses and horsemanship among the youth, now especially the more desirable since the two year's service has come into force. By its theoretical and practical instruction it fulfils the mission of the former private training schools founded in 1862 under Napoleon III.

Started with a capital of 6,000 frs. and 73 members, in 1907 it had already done business to the amount of over 130,000 frs. The co-operative Stables Society has now 994 members and a capital of 20,000 frs. in shares

(*actions*) : these only give a claim to interest and represent the guarantee fund.

This institution — concludes M. Marty, its vice-president, — if it has not completely attained the development looked for, has already given good results for horse improvement in the South. Its revenue being now firmly established — the riding and training school brings in 20,000 frs., and to this must be added the various subsidies, — the Co-operative Stables Society must devote itself more and more to seeking markets abroad and to the improvement of horse breeding and the trade in horses in the region.

CO-OPERATION AND ASSOCIATION

GREAT BRITAIN AND IRELAND.

CURRENT QUESTIONS.

Some Statistics of Agricultural Co-operation.

Sources :

Official :

Report on Industrial and Agricultural Co-operative Societies in the United Kingdom, with Statistical Tables. Published by the Labour Department of the Board of Trade. London : Darling and Son. 1912.

Reports of the Chief Registrar of Friendly Societies for the Year ending 31st. December, 1910. Part B. : Industrial and Provident Societies. London : Eyre and Spottiswoode. 1912.

Unofficial :

Report of the Scottish Agricultural Organisation Society for 1911. Edinburgh : Turnbull and Spears. 1912.

Report of the Irish Agricultural Organisation Society for the Year ending 30th. June, 1911. Dublin : Sealy, Bryers and Walker. 1912.

The various reports, of which the names are given above, contain a number of valuable statistics of agricultural co-operative societies in the United Kingdom. Unfortunately, however, they do not relate to the same periods, nor is the classification adopted the same in all cases.

In the Report published by the Labour Department of the Board of Trade, the statistics in the detailed tables relate to 1909. The summary

tables cover a series of years of which 1909 is usually the latest, though in some cases figures for 1910 are added.

The Report of the Registrar of Friendly Societies contains the analysis of the returns which societies registered under the Industrial and Provident Societies Act are obliged by law to furnish. The figures relate to 1910 and details are given for every society registered under the Act. The classification is such that in general it is impossible to distinguish between agricultural societies and industrial societies, except in the case of Small Holdings and Allotments Societies, which are now classified apart.

The Scottish Agricultural Organisation Society gives, as far as it has been able to collect the information, details of the working of its affiliated societies in 1911.

The Report of the Irish Agricultural Organisation Society contains detailed statistics of the working in 1910 of its affiliated societies, but as a certain number of the societies have failed to furnish returns, the statistics are far from complete.

The Agricultural Organisation Society (of England and Wales) has not yet published a Report for 1911. We shall, however, avail ourselves of the previous Reports of this Society, which contain, for their respective years, classified lists of the affiliated societies and estimates of their total membership and turn-over, together with a few figures relating to the work of separate societies.

We shall also make use of previous Reports of the Scottish and Irish Agricultural Organisation Societies and shall endeavour to present, notwithstanding the differences indicated, some aggregate statistics of agricultural co-operative societies in the United Kingdom in the years 1909 and 1910. It must be understood that that these are only given tentatively and that too much reliance must not be placed upon the results. For 1911, the data do not as yet exist for even an approximate estimate.

Apart from the aggregate figures, the statistics which each Report contains are interesting. We shall, accordingly, extract the most important figures and, where possible, compare them with the corresponding figures contained in other Reports. The comparison may incidentally serve to indicate the difficulty of obtaining complete statistics of agricultural co-operation in the United Kingdom.

§ 1. *Statistics for 1909.*

The figures for 1909 compiled by the Labour Department of the Board of Trade are doubtless, within the limits which the Department assigns to its statistics, the most complete figures which have yet been published for that year. They only include, however, societies registered under the Industrial and Provident Societies Acts or the Friendly Societies Acts. As there are a few large agricultural co-operative societies which are registered under the Companies Acts, this omission, while not seriously affecting the number of societies, affects the aggregate membership and turn-over. We can, in part, make good this omission by using some approximate figures furnished by the 1909 Report of the Agricultural Organisation Society.

The Labour Department, moreover, rigidly excludes societies which, though registered, have either ceased to do business or have not yet commenced operations. The Agricultural Organisation Societies, on the other hand, naturally include the newly-registered societies in their lists and are loth to exclude the moribund societies until their registry is actually cancelled. This difference of practice gives rise to considerable differences in the various estimates of the number of societies. Considering it reasonable to include the newly-registered societies and having no means of ascertaining the number of moribund societies, we shall, in trying to make aggregate statistics, count all the societies included in the lists published by the Agricultural Organisation Societies.

The Labour Department, without laying down any strict definition of Co-operation, notes the following as the main characteristics of the organisations which form the subject of its Report :

" 1. Membership is open to all comers, the committee of the Society, however, usually having the right to refuse the admission of any persons whose membership is regarded as likely to be detrimental to the interests of the Society. Subject only to this qualification, the shareholders-list of a co-operative society is never closed.

" 2. The shares in a co-operative society (which are invariably issued at par value) are in all cases of small amount (usually £1) and may generally be paid up by weekly or quarterly instalments, or even by the automatic accumulation of the sums accruing to the holder as his share

in the profits of the society, without the necessity for any cash payment beyond a trifling amount paid on allotment (1).

"3. The bulk of the share capital is withdrawable at short notice (2). Many of the societies, however, compel each member to hold at least one transferable share (which can be realised only by sale).

"4. Almost without exception, each individual member possesses one vote, irrespective of the number of shares held. Where share capital is owned by other societies these societies are usually allowed additional votes in some proportion to the amount of share capital held by them.

"5. Proxy voting is almost unknown.

"6. The return on share capital is, in most cases, limited to a fixed rate of interest (usually 5 per cent. per annum). The surplus profits remaining after the payment of this interest are usually distributed in certain agreed proportions, in some cases between the society's customers, both members and non-members, as dividend on purchases, in others between the shareholders, customers, and the employees, while in the case of agricultural societies, they are divided between the customers, the employees, the suppliers of raw materials and the shareholders; but seldom do the shareholders receive, in right of their capital, the whole of the profits.

"7. Publicity of accounts is a universal feature. As a rule, the statements of accounts issued by the societies are detailed and complete.

"8. The trading of societies is not confined to members, although in practice the amount of sales to non-members is small, owing to the fact that admission to membership is easy, and that membership entitles the customer to double the rate of dividend on purchases that he would receive as a non-member (3).

"9. The societies are, with few exceptions, formed under laws specially passed to meet the requirements of the industrial classes and not, under the Companies Acts, as ordinary joint-stock undertakings."

The Societies are classified into the following main groups:

I. Industrial Co-operative Societies.

II. Agricultural Co-operative Societies.

III. Banking, Credit and Insurance Co-operative Societies.

(1) In agricultural co-operative societies shares are not usually paid up by instalments; as a rule a portion (generally one-fourth) is payable on allotment and the balance in such calls as the Committee may from time to time determine. In the co-operative dairy societies in Ireland, shares are in many cases paid up by the accumulation of profit.

(2) This does not apply to agricultural co-operative societies, the share capital of which is usually transferable but not withdrawable.

(3) In agricultural co-operative societies it is not usual to give any dividend on purchases to non members.

IV. Housing and Building Co-operative Societies.

Besides the societies contained in the second group, the following come within the purview of this article :

(a) Industrial co-operative societies, in so far as they engaged in agricultural production ;

(b) Rural credit societies.

(c) Co-operative agricultural insurance societies.

(d) Home industries societies in Ireland, these being purely rural in character.

The first table we shall give contains statistics of distribution and production by agricultural co-operative societies in 1909 :

TABLE I. — *Distribution and Production by Agricultural Co-operative Societies*

CLASS OF SOCIETY		No. of Societies at end of Year	Member
			Individuals
I. Distribution :			
England and Wales	{ Agricultural Distributive Societies	130	12,541
	{ Egg and Poultry Societies . . .	15	986
Scotland	{ Agricultural Distributive Societies	29	3,745
	{ Egg and Poultry Societies . . .	2	89
Ireland	{ Irish Agricultural Wholesale So- ciety	1	91
	{ Irish Co-operative Agency Society	1	—
	{ Agricultural Distributive Societies	141	15,878
	{ Egg and Poultry Societies . . .	17	6,007
Distribution by Agricultural Co-operative Societies: Totals		336	39,337
II. Production.			
England and Wales	{ Farming and Dairying Societies	18	1,048
	{ Farming and Dairying Societies	5	168
Ireland	{ Farming and Dairying Societies	294	44,406
	{ Irish Co-operative Agency Society	1	—
Production by Agricultural Co-operative Societies: Totals		318	45,622
Production and Distribution by Agricul- tural Co-operative Societies: Totals . . .		653	84,959

in 1909 (exclusive of Societies registered under the Companies Acts).

ship	Capital		Sales	Profit (+) or Loss (—)	No. of persons directly employed by the Societies
Societies	Share and Loan	Reserve and Insurance			
	£	£	£	£	
62	59,429	15,346	870,230	+ 7,877	273
—	1,920	267	15,453	+ 263	30
26	21,105	2,675	226,703	+ 1,936	46
—	92	21	438	+ 12	2
105	11,183	4,117	104,326	+ 1,691	29
31	8,713	560	156,142	— 1,233	26
5	40,501	11,084	148,457	+ 1,661	186
—	8,015	2,299	82,109	+ 864	80
229	150,962	36,369	1,603,858	+ 13,071	672
59	30,432	3,768	66,506	+ 640	134
—	3,739	536	37,317	— 119	27
32	268,372	124,501	1,901,491	+ 23,142	1,563
—	—	—	2,146	—	3
91	302,543	128,805	2,007,360	+ 23,663	1,727
320	453,505	165,174	3,611,218	+ 36,733	2,399

For Home Industries Societies in Ireland the following figures are given: No. of societies, 6; no. of members, 463 individuals and 3 societies; share and loan capital, £488; reserve and insurance, £66; sales, £3,262; profit, £55; no. of persons directly employed, 4.

The following Table shows the total amount of co-operative agricultural distribution and production by all classes of societies for which statistics are given in the Report published by the Labour Department:

TABLE II. — *Co-operative Agricultural Distribution and Production in 1910 (exclusive of Distribution and Production by Societies registered under the Companies Acts).*

Class of Society	No. of Societies at end of Year	Sales
<i>Distribution:</i>		£
Agricultural Trading, Egg and Poultry, and Beekeepers' Societies of all kinds	336	1,603,858
<i>Production:</i>		
Special Farming and Dairy Societies . . .	317	2,005,314
Farming and Dairying Departments of Wholesale and Retail Distributive Soc- ieties	(a) 72	467,967
<i>Total: Agricultural Distribution and Pro- duction by all Classes of Societies . . .</i>	725	4,077,139
(a) Including the productive department of one distributive agricultural society.		

Of we include the figures for the home industries societies in Ireland, the total number of societies was 730 and the aggregate sales, £4,080,401.

Table III contains particulars of the co-operative small holdings and allotments societies *actually at work* in 1909. A large number of other societies of this kind were registered in 1909, but had not yet begun work.

TABLE III. *Co-operative Small Holdings and Allotments Societies, 1909.*

Number of societies	64
Membership	6,056

Capital :

Share	£ 3,176
Loan	» 2,829
Reserve and Insurance	» 1,008

Small Holdings and Allotments Accounts :

Amount of Land held by the Societies	5,673 acres
Total Rent per annum payable by the Societies for the Land	£ 8,516
Number of Tenants at end of Year	4,980
Average Size of Holding	181 rods
Total Rent payable during year by the Tenants to the Societies	£ 8,684

General Trading Accounts :

Amount of Sales during the Year :

Sales of requirements	» 1,180
Sales of produce	» 34

Of the total share and loan capital £3,305 was held by one society, which has purchased the land occupied by its members. Another society held 1,565 acres and the rent payable to it amounted to £2,988. In 12 societies the average holding per member was over 400 rods ; in these 12 societies taken together the average holding was $7 \frac{3}{4}$ acres.

We now pass to the co-operative credit societies, in regard to which the Report published by the Labour Department gives the following statistics :

TABLE IV. — *Co-operative Agricultural Credit Associations.*

	Number Societies at end of Year	Member- ship	Total Capital (Loan and Reserve)	Amount of Loans			Working expenses includ- ing Interest on Capital	Profit after allowing for Interest on Capital
				Granted (includ- ing Renewals)	Repaid (includ- ing interest)	Owing by bor- rowers (includ- ing interest)		
			£	£	£	£	£	£
England and Wales . .	17	49	2,060	929	990	1,326	71	24
Ireland	205	18,253	63,333	59,426	58,024	9 019	2,716	520
Total, United Kingdom	222	18,750	65,393	60,355	59,014	60,345	2 787	544

For co-operative agricultural insurance societies we have particulars for 1910 of the Agricultural and General Co-operative Insurance Society and statistics for 1909 of the registered Cattle and Pig Insurance Societies.

The latter statistics are as follows :

TABLE V. — *Cattle and Pig Insurance Societies in 1909.*

No. of societies at end of year	57
Membership	3,954

Receipts :

Contributions	£ 1,761
Other receipts	» 495
Total	» 2,256

Expenditure :

Benefits	» 1,908
Working Expenses	» 387
Total	» 2,295

Reserve Funds	» 7,671
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We shall now give two tables in which a comparison is established between the statistics for 1909 published by the Labour Department of the Board of Trade and those published by the Agricultural Organisation Society (of England and Wales), the Scottish Agricultural Organisation Society and the Irish Agricultural Organisation Society. The first of these (Table VI) contains a comparison of the classification adopted :

TABLE VI. — *Comparison between Statistics of Number of Societies in 1909, as given by the Labour Department of the Board of trade and by the Agricultural Organisation Societies.*

Societies comprised in the statistics published by the Labour Department of the Board of Trade.	Number of societies (Classes)	Number of societies (Groups)	Societies comprised of the statistics published by the Agricultural Organisation Societies.	Number of societies (Classes)	Number of societies (Groups)
ENGLAND AND WALES			ENGLAND AND WALES.		
Agricultural Distributive Societies	130		Societies for the Supply of Requirements or Sale of Produce:		
			Affiliated	133	
			Not affiliated	11	
			Agricultural Co-operative Federation . . .	1	
			Fruit-grading Society .	1	
			Auction markets:		
			Affiliated	3	
			Not affiliated	3	
			Milling society	1	
			Manure manufacturing company (not affiliated)	1	
Total . . .		130	Total . . .		154
Egg and Poultry Societies	15		Egg and Poultry Societies: Not affiliated .	15	
Total . . .		15	Total . . .		15
Farming and Dairy Societies	18		Dairy Societies:		
			Affiliated	12	
			Not affiliated	2	
			Farming Societies. . .	2	
Total . . .		18	Total . . .		16
Small Holdings and Allotments Societies . .	64		Small Holdings and Allotments Societies:		
			Affiliated	134	
			Not affiliated	13	
Total . . .		64	Total . . .		147

Societies comprised in the statistics published by the Labour Department of the Board of Trade.	Number of societies (Classes)	Number of societies (Groups)	Societies comprised in the statistics published by the Agricultural Organisation Societies.	Number of societies (Classes)	Number of societies (Groups)
Agricultural Credit Societies	17		Agricultural Credit Societies:		
			Affiliated	29	
			Not affiliated	1	
			Central Co-operative Agricultural Bank .	1	
Total . . .		17	Total . . .		31
Co-operative Insurance Societies:			Co-operative Insurance Societies:		
Cattle and Pig Insurance Societies. . . .	57		Cattle and Pig Insurance Societies (not affiliated).	57	
Agricultural and General Co-operative Insurance Society. .	1		Agricultural and General Co-operative Insurance Society .	1	
Total . . .		58	Total . . .		58
			Motor-service Society .		1
			Industries Society. . .		1
Total (England and Wales).		302	Total (England and Wales)		423
SCOTLAND.			SCOTLAND.		
Agricultural Distributive Societies		29	Agricultural Trading Societies		30
Egg and Poultry Societies.		2	Egg and Poultry Societies		2
Farming and Dairy Societies.		5	Dairy Societies		6
			Live-stock Improvement Society		1
Total (Scotland) . .		36	Total (Scotland) . .		39

Societies comprised in the statistics published by the Labour Department of the Board of Trade.	Number of Societies (Classes)	Number of societies (Groups)	Societies comprised in the statistics published by the Agricultural Organisation Societies.	Number of Societies (Classes)	Number of Societies (Groups)
IRELAND			IRELAND		
Wholesale Society . . .		I	Irish Agricultural Wholesale Society .		I
Agency Society . . .		I	Irish Co-operative Agency Society . . .		I
Agricultural Distributive Societies	141		Agricultural Trading Societies	155	
			Bee-keepers' Societies .	2	
Total . . .		141	Total . . .		157
Egg and Poultry Societies		17	Egg and Poultry Societies		18
Home Industries Societies		6	Home Industries Societies		21
Farming and Dairying Societies (a).	294		Dairy Societies	301	
			Auxiliary Dairy Societies not separately registered (b)	79	
			Flax Societies.	9	
Total . . .		294	Total . . .		389
Rural Co-operative Credit Associations . . .		205	Agricultural Credit Societies		234
			Miscellaneous Societies (c)		13
			Cork Co-operative Creameries Federation		I
Total (Ireland). . .		665	Total (Ireland) . . .		835
Grand Total (United Kingdom)		1,003	Grand Total (United Kingdom)		1,297

(a) Including 8 threshing societies which do not appear in the statistics published by the Irish Agricultural Organisation Society.

(b) These are branches rather than societies and do not appear separately in the Labour Department's Report.

(c) Including two societies which appear in the Statistics published by the Labour Department under the heading "Productive Associations of Workers." One of these, the *Roscrea Bacon Factory*, had a total capital of £15,117 in 1909, while its sales amounted to £39,603.

The following Table gives a comparison between the statistics of the number, membership and turn-over of agricultural co-operative societies as given by the Labour Department on the one hand and by the Agricultural Organisation Societies on the other. By "turn-over" is understood the sales of distributive or productive societies; the loans granted by credit societies; the rent payable by members to the small holdings and allotments societies, and the premiums and other contributions received by insurance societies.

TABLE VII. — *Comparison between Summarised Statistics for 1909 of Number, Membership and Turn-over of Agricultural Co-operative Societies, as given by the Labour Department of the Board of Trade and by the Agricultural Organisation Societies.*

Societies comprised in statistics published by the Labour Department of the Board of Trade	Number of Societies	Membership	Turn-over	Societies comprised in the statistics published by the Agricultural Organisation Societies	Number of Societies	Membership	Turn-over
			£				£
England and Wales	320	25,203	964,052	England and Wales:			
				Affiliated to the Agricultural Organisation Society .	320	19,500	860,000
				Not affiliated . . .	103	24,000	1,100,000
				Total . . .	423	43,500	1,960,000
Scotland	36	4,028	264,458	Scotland	39	2,332	102,934
Ireland	665	85,274	2,457,360	Ireland	835	91,661	2,394,469
Total (United Kingdom . . .	1,003	114,505	3,685,876	Total (United Kingdom . . .	1,297	137,493	4,457,403

The discrepancies in the membership and turn-over in the case of the English Societies are due to the inclusion in the figures published by the Agricultural Organisation Society of several large agricultural trading societies which are registered under the Companies Acts; one of these has a turn-over of about half a million sterling.

In the case of the Scottish Societies, the statistics issued by the Labour Department include the figures for two large societies not affiliated to the Scottish Agricultural Organisation Society, viz. the Farmers' Supply Association, with 1,371 members and a turn-over of £52,133 and the Kincardineshire Auction Market, with 268 members and a turn-over of £75,033.

In Ireland, the fact that the figures for the Roscrea Bacon Factory (membership 3,800 and sales £39,603) are not included in the Labour Department's figures goes far to account for the discrepancy in the membership, but only accentuates the discrepancy in the turn-over. The explanation of the latter doubtless lies in the large number of societies (119 in all) which failed to furnish a statement of their turn-over to the Irish Agricultural Organisation Society.

Taking the figures in either set of statistics which appear to be the most complete and estimating the omissions, we arrive at the following figures as closer approximations :

TABLE VIII. — *Approximate Summarised Statistics for 1909 of the Number, Membership and Turn-over of Agricultural Co-operative Societies, obtained by combining the Statistics given by the Labour Department and by the Agricultural Organisation Societies.*

	Number of Societies	Membership	Turn-over
England and Wales.	(a) 423	(a) 43,500	(a) 1,960,000
Scotland	(b) 41	(c) 4,028	(c) 264,458
Ireland	(d) 843	(e) 91,661	(f) 2,498,060
United Kingdom . . .	1,307	149,189	4,722,518

(a) Figures published by the Agricultural Organisation Society.

(b) Number given by the Scottish Agricultural Organisation Society, plus two societies not affiliated to it included in the Labour Department's figures.

(c) Figures published by the Labour Department.

(d) Number given by the Irish Agricultural Organisation Society, plus eight societies not affiliated to it included in the Labour Department's figures.

(e) Figures published by Irish Agricultural Organisation Society.

(f) Figures published by the Labour Department, plus sales of Roscrea Bacon Factory and other societies not included in those figures.

Even these figures, be it noted, take no account of unregistered co-operative societies. A large number of unregistered cattle and pig insurance societies ("cow clubs" and "pig clubs") are known to exist, but no statistics of their working have ever been collected. Their business being small, their omission does not make much difference to the aggregate turnover, but the number and membership of the societies would be considerably increased if account were taken of them. Unregistered societies of other kinds are rare, but a few agricultural clubs purchase requirements co-operatively.

§ 2. Statistics for 1910.

The publication by the Irish Agricultural Organisation Society of statistics for 1910 of its affiliated societies enables us now to present, for the United Kingdom, statistics of the societies affiliated to the three Agricultural Organisation Societies. Unfortunately the Agricultural Organisation Society of England and Wales did not, in its 1910 Report, repeat its attempt to give statistics for the societies not affiliated to it.

We give first the Statistical Abstracts for agricultural co-operative societies in Ireland in 1910 as furnished by the latest Report of the Irish Agricultural Organisation Society.

TABLE IX. — *Statistical Abstracts for 1910 of Agricultural Co-operative Societies in Ireland affiliated to the Irish Agricultural Organisation Society.*

A. Co-operative Creameries

	Ulster	Munster	Leinster	Connaught	Ireland
Number of Societies . .	138	121	25	28	312
Membership	21,554	8,278	3,177	11,783	44,792
	£	£	£	£	£
Paid-up share Capital . .	63,239	45,050	14,553	21,409	144,251
Loan capital	35,915	65,344	9,395	9,706	120,358
Turnover-Butter	618,991	947,485	179,939	156,919	1,903,334
Other Sales	15,765	45,163	22,507	12,544	95,979

B. Agricultural Trading Societies

	Ulster	Munster	Leinster	Connaught	Ireland
Number of Societies . .	40	31	39	55	165
Membership	2,956	2,850	3,451	7,486	16,743
	£	£	£	£	£
Paid-up share capital . .	1,107	1,160	3,124	1,290	6,681
Loan capital	7,013	4,147	13,206	12,179	36,545
Turn-over	1,150	22,302	47,031	24,237	124,720

C. Co-operative Poultry Societies

	Ulster	Munster	Leinster	Connaught	Ireland
Number of societies . . .	9	3	3	3	18
Membership	2,783	651	1,863	891	6,188
	£	£	£	£	£
Paid-up share capital . .	1,284	253	350	289	2,176
Loan capital	872	—	1,610	525	3,007
Turn-over	34,074	6,685	12,787	7,667	61,213

D. Agricultural Banks.

	Ulster	Munster	Leinster	Connaught	Ireland
Number of Societies . .	60	47	57	73	237
Membership	5,288	2,408	3,680	7,814	19,190
	£	£	£	£	£
Loan capital	5,405	3,426	7,390	14,584	30,806
Deposits	11,841	1,425	5,105	6,704	25,077
Total capital	17,246	4,851	12,496	21,289	55,884
Amount of Loans granted	17,231	4,290	13,200	21,132	55,855
Number of Loans . . .	2,387	580	1,296	4,355	8,618
Loans outstanding . .	16,968	4,408	11,785	20,766	53,928
Expenses	180	70	120	274	645
Nett Profit	136	42	108	186	474
Losses for year	2	7	7	38	55
Reserve	1,194	329	567	1,501	3,593

E. Co-operative Home Industries Societies.

	Ulster	Munster	Leinster	Connaught	Ireland
Number of societies.	4	1	12	3	20
Membership.	85	33	1,079	179	1,376
	£	£	£	£	£
Paid-up Share Capital.	324	—	920	16	1,260
Loan capital.	—	—	708	—	708
Turn-over.	781	—	3,612	422	4,815

F. Flax Societies (Ulster only).

Number of Societies.	9
Membership.	594
Share Capital.	£ 513
Loan Capital.	» 4,323
Receipts for Scutching.	» 2,537
Value of Tow.	» 312
Nett Profit for Season.	» 46
Nett Loss for Season.	» 44

G. Miscellaneous Societies (including Bacon-curing and Bee-Keepers' Societies).

	Ulster	Munster	Leinster	Connaught	Ireland
Number of Societies.	4	2	29	3	38
Membership.	95	3,829	1,405	53	5,382
		£	£	£	£
Paid-up Share Capital.	—	12,718	2,603	16	15,337
Loan Capital.	—	5,618	88	—	5,706
Turn-over.	—	49,925	9,963	—	59,888

H. Federations.

	Irish Co-operative Agency Society (Munster)	Irish Agricultural Wholesale Society (Leinster)	Ireland
Number of Societies.	1	1	2
Membership.	31	216	247
	£	£	£
Paid-up Capital	464	7,142	7,606
Loan capital	8,141	5,339	13,479
Turn-over.	157,398	123,508	280,406

In compiling the foregoing statistical abstracts, the Irish Agricultural Organisation Society failed to obtain particulars of membership from 21 creameries, 15 agricultural trading societies, 26 credit societies, 1 poultry society and 8 miscellaneous societies. Particulars of turn-over were not obtainable from 18 creameries, 31 agricultural societies, 57 credit societies, 5 poultry societies, 13 home industries societies, 4 flax societies, and 30 miscellaneous societies. The societies failing to furnish statistics include new societies, societies not carrying out any operations during the year, etc.

The following Table contains a summary of the statistics for the whole of Ireland (as given by the Irish Agricultural Organisation Society), together with the averages of membership and turn-over, calculated by dividing the totals by the respective number of societies furnishing returns. The averages are not given for the Miscellaneous Societies, which are too heterogeneous to be comparable, nor for the Federations, of which there are only two.

TABLE X. — *Summary of Statistics for 1910, of Agricultural Co-operative Societies in Ireland affiliated to the Irish Agricultural Organisation Society.*

	Number of Societies	Membership		Paid up Share Capital £	Loan Capital £	Turn-over	
		Aggregate	Average per society			Aggregate	Average per society
Dairy Societies	312	44,792	153	144,251	120,358	1,999,313	6,800
Auxiliary Dairy Societies not Se- parately Registered	79	—	—	—	—	—	—
Agricultural Trading Societies .	165	16,743	111	6,681	36,345	124,720	980
Credit Societies	237	19,190	90	—	55,884	55,855	310
Poultry Societies	18	6,185	364	2,176	3,007	61,213	4,708
Home Industries Societies . . .	20	1,376	68	1,260	708	4,815	687
Miscellaneous Societies	38	5,382	—	15,337	5,706	59,888	—
Flax Societies	9	594	66	513	4,323	2,849	569
Federations	2	247	—	7,606	13,479	280,906	—
All Societies . . .	880	94,512	116	177,824	240,010	2,589,559	3,856

It may be interesting to extract from the detailed tables the corresponding figures relating to a few of the more important local societies in Ireland.

TABLE XI. — *Statistics for 1910 of Some of the Larger Agricultural Co-operative Societies in Ireland.*

Class and Name of Society	Province	Membership	Paid-up Share Capital	Loan Capital	Turn-over
<i>Dairy Societies having a turn-over of more than £20,000.</i>			£	£	£
Ballyrashane.	Ulster	581	2,846	—	31,300
Rathkenny	"	98	566	1,552	32,624
Killeshandra	"	1,250	3,976	—	31,904
Clones	"	410	1,589	4	(a) 25,023
Omagh	"	224	926	—	24,500
Lombardstown	Munster	81	475	73	(b) 38,861
Ardagh	"	60	892	—	23,026
Kantogher	"	110	597	834	20,947
Bansha	"	98	553	—	27,160
Drombane	"	165	1,546	824	20,324
Solohead	"	135	711	1,416	33,417
Pilltown	Leinster	183	1,287	532	(c) 26,489
<i>Agricultural Trading Soc- ieties having a turn- over of more than a £4,000.</i>					
Templecrone	Ulster	187	136	1,359	11,093
Iverk	Munster	173	455	—	7,305
Inistioge	Leinster	200	143	9	4,880
Donaghpatrick	"	68	146	439	4,309
Enniscorthy	"	904	1,355	6,262	19,386
(a) Including £4,220 sales other than butter.					
(b) Including £17,011 " "					
(c) Including £6,941 " "					

Class and name of Society	Province	Member- ship	Paid-up Share Capital	Loan Capital	Turn-over
<i>Credit Societies having a turn-over (loans granted) of more than £1,000.</i>			£	£	£
Dromintee	Ulster	200	—	661	1,247
Mullaghbawn	"	338	—	2,182	2,047
Malin	"	325	—	1,290	1,240
Castlecomer	Leinster	259	—	1,194	1,221
Moyne	"	185	—	938	1,339
Geesala	Connaught	334	—	1,027	1,342
Townacrann	"	211	—	1,159	1,296
<i>Poultry Societies having a turnover of more than £6,000.</i>					
Cloughmills	Ulster	300	117	500	6,513
Dervock	"	600	407	—	7,520
Dunboe	"	360	119	—	7,251
Shanagolden	Munster	340	136	—	6,685
North Kilkenny	Leinster	463	191	459	7,417
<i>Bacon Factory</i>					
Roscrea	Munster	3,800	12,714	5,596	49,907

The fact that the Agricultural Organisation Society does not publish detailed statistics, or even statistics for groups of societies, and that the agricultural co-operative societies are not classified apart in the Report

of the Registrar of Friendly Societies makes it difficult to present a Table for England corresponding to Table IX. The latter Report, however, contains the following figures relating to Small Holdings and Allotments Societies :

TABLE XII. — *Co-operative Small Holdings and Allotments Societies in 1910.*

Number of societies registered	176
" " " making returns	163
Number of members at end of year	10,241

Trading Department :

Income	£	8,753
Expenditure	»	9,132
Balance on Trade of Year : Profit	»	156
Loss	»	264

Small Holdings and Allotments Department :

Income: Rent	»	14,233
Other income.	»	2,437
Expenditure : Rent, rates and taxes	»	12,476
Management expenses	»	2,111
Other expenditure	»	1,565
Balance on operations of the year : Profit	»	1,023
Loss	»	505

Liabilities : To Holders of Shares	»	10,212
To Depositors and other Creditors	»	9,142
Balance of Profit and Reserve Fund	»	1,781
Special Reserve Fund (if any)	»	51
Assets : Value of Stock in Trade	»	3,531
Buildings, Fixtures and Land used in Trade	»	4,572
Investments and other Assets	»	11,632
Balance Deficit (if any)	»	1,451

Summary of Small Holdings and Allotments :

Area of Land held by Society : Small Holdings .	6,952 acres
Allotments.	1,259 acres
Grazing and other rights, etc.. . .	294 acres
Annual Value of Land : Small Holdings . . . £	11,662
. . . Allotments »	1,858
. . . Grazing and other rights, etc. »	455
Number of Tenants »	6,307

The above returns do not contain the rent payable to the societies by the members, which is the best figure to take as corresponding to the sales in a trading society. The nearest figure is that of "Income : Rent," but this represents the rent which was actually received by the societies during the year, and may differ considerably from the rent payable by the members. The paid-up share capital is the same as the "Liabilities to holders of shares," but the loan-capital, which is included in the "Liabilities to depositors and other creditors" is not distinguished from trade-debts and other items.

The last Table which we shall give for 1910 is a summary for the United Kingdom of the number, membership and turn-over of the societies affiliated to the three Agricultural Organisation Societies, according to the respective reports of these Societies.

TABLE XIII. — *Summary of Statistics for 1910 of Agricultural Co-operative Societies affiliated to the Agricultural Organisation Societies.*

	Number of Societies	Membership	Turn-over
			£
England and Wales	395	24,000	1,100,000
Scotland	62	4,573	195,092
Ireland	880	94,512	2,589,559
Totals: United Kingdom (1910). . .	1,337	123,085	3,884,651
Corresponding Totals for 1909 . . .	1,194	113,493	3,357,403

The want of any statistics for 1910 of societies not affiliated to the Agricultural Organisation Societies makes it impossible to present any figures which are at all complete. Since in 1910 the egg and poultry societies in England and Wales became affiliated to the Agricultural Organisation Society, the number of non-affiliated societies diminished by about 15. The membership and turn-over of the other unaffiliated societies probably, however, did not greatly change, since they are mostly old established societies not rapidly developing.

In Scotland the figures for the Farmer's Supply Association (membership 1,371; sales £51,881) were in 1910 included in the figures published by the Scottish Agricultural Organisation Society. The increase of membership and turn-over of the societies in Scotland is not, therefore, as large as it would appear to be from a comparison of the figures for 1909 and 1910 published by the Scottish Agricultural Organisation Society.

Making a rough estimate, the number of societies, membership and turn-over of the agricultural co-operative societies in 1910 were, in round numbers: Number of Societies, 1,430; membership, 163,000; turn-over, £5,250,000. Fuller information may, however, prove that these figures are far from correct.

§ 3. Statistics for 1911.

For the year 1911 we have, as yet, only a few summarised (and, doubtless, partly estimated) figures published in the July-August number of *Co-operation in Agriculture* relating to the societies affiliated to the Agricultural Organisation Society and the more detailed, but far from complete, figures for Scotland contained in the Report for 1911 of the Scottish Agricultural Organisation Society.

According to *Co-operation in Agriculture*, the number of Agricultural co-operative societies in England and Wales affiliated to the Agricultural Organisation Society at the end of 1911 was 464 with a membership of 30,200. Their turn-over in 1911 amounted to about £1,200,000.

The Report for 1911 of the Scottish Agricultural Organisation Society contains, in the text, a list of 72 societies which had been formed or had become affiliated to the Society before the end of 1911. As an appendix is given a list of 70 agricultural co-operative societies in Scotland, with detailed statistics. These 70 societies include the Farmers' Supply Association, but do not include three societies which appear in the other list. One of these is stated to have been amalgamated with a neighbouring society; another (as we learn by reference to the Report for 1910 of the Chief Registrar of Friendly Societies) did no business in 1910 and the

third furnished no returns to the Registrar in that year. While (in the absence of more precise information) it is not safe to assume that these two latter societies have ceased to exist, we may take it that the number of societies affiliated to the Scottish Agricultural Organisation Society at the end of 1911 was 69, and that the detailed statistics in the Appendix relate to these 69 societies together with the Farmer's Supply Association.

The Scottish Agricultural Organisation Society makes no attempt to classify its affiliated societies. The classification of the agricultural co-operative societies in Scotland, indeed, presents the difficulty that a certain number of societies combine two distinct classes of business in such proportions that they cannot fairly be classed according to either. If we classify each society according to the business in which it has sold the largest amount of goods, we arrive at the following statistics :

TABLE XIV. — *Summary of Statistics of Agricultural Co-operative Societies in Scotland in 1911, compiled from the Report of the Scottish Agricultural Organisation Society.*

CLASS OF SOCIETY	Number of Societies	Membership		Paid-up Share Capital	Trade Turn-over	
		Total	Average per Society.		Total	Average per society
Agricultural Trading Societies	36	3,797	140	£ 7,919	£ 140,296	£ 5,845
Dairy Societies	8	470	58	3,667	96,302	13,757
Egg and Poultry Societies	24	1,185	51	1,233	19,485	847
Stock-Improvement Societies	2	109	54	235	—	—
All Societies . . .	70	5,561	91	13,054	256,083	4,742

Sixteen societies which furnished no returns of sales and two which did not discriminate between the kinds of sales have been classified according to their names, though this is not a very safe guide to the real character

of a society. The averages are calculated after allowing for the societies which did not furnish returns of membership or of turn-over.

It will be interesting to show separately the sales of (1) Poultry Produce, (2) Dairy Produce, and (3) other Produce and Agricultural Requirements, as the Report of the Scottish Agricultural Organisation Society enables us to do.

TABLE XV. — *Sales in 1911 of Agricultural Co-operative Societies in Scotland, classified according to kind of goods sold.*

Class of Goods	Number of Societies selling the class of goods specified	Total Sales	Average per Society
		£	£
Poultry Produce	32	15,590	502
Dairy Produce.	9	87,991	10,991
Other Produce and Agricultural Requirements	52	152,561	4,012

The following Table contains particulars of the working of a few of the more important societies in Scotland in 1911. :

TABLE XVI. — *Statistics for 1911 of Some of the Larger Agricultural Co-operative Societies in Scotland.*

Name and class of society	County	Member Ship	Paid-up Share Capital £	Sales £
<i>Agricultural Trading Societies having a turn-over of more than £ 5,000.</i>				
North Eastern	Aberdeen .	1,044	2,361	40,252
Farmers' Supply	Edinburgh.	1,451	3,985	55,522
Wester Ross	Ross . . .	212	212	11,799
<i>Dairy Societies having a turn-over of more than £ 10,000.</i>				
Rowallan	Ayr. . . .	25	297	12,714
Lugton	"	35	72	13,513
Dunlop	"	34	126	15,574
Kilmaurs	"	32	172	13,995
Stewarton	"	50	102	15,371
Kincardineshire	Kincardine	175	2,096	(a) 17,118
<i>Poultry Societies having a turn-over of more than £1,000.</i>				
Eday	Orkney . .	78	13	(b) 1,550
Deerness	"	83	42	(c) 4,285
Holm.	"	82	20	(d) 3,226
Ronsay	"	92	208	(e) 1,658
(a) Including sales of agricultural requirements, etc. £8,326				
(b) " " " £575				
(c) " " " £2,057 and of dairy produce, £100.				
(d) " " " £670				
(e) " " " £568				

The figures in Table XVI further illustrate the difficulty of classifying the societies in Scotland. Thus in the Kincardineshire Agricultural Co-operative Society, the sales of dairy produce are only a little larger than the sales of agricultural requirements ; a very slight change in the relative proportions would make it necessary to classify it differently. A similar remark applies to several of the societies which sell both poultry produce and agricultural requirements, notably the Deerness Agricultural Co-operative Society.

Until 1913 it will not be possible to give any statistics for 1911 relating to the United Kingdom as a whole.

CO-OPERATION AND ASSOCIATION

ITALY.

I. — CURRENT QUESTIONS.

Catholic Workmen's Organizations in Italy.

PART II.

Co-operative and Mutual Organisations.

The professional movement among the Catholic Workmen in Italy, as was observed in the first part of this study (1), is not entirely dependent on the trades leagues, as there exist other co-operative and mutual organizations, in which the purely workmen's element is found in a large degree, and which "surround, complete and extend the organization in the field of labour" (2). To complete the picture, we must give the most important data collected by the Labour Office relating to the co-operative and mutual societies. They concern 57 co-operative labour societies, 64 collective farms, 250 co-operative distributive societies, 487 co-operative societies for purchase and sale, 799 mutual aid and 261 mutual insurance societies. With their constitution and their action we shall deal in the following chapters (3) treating the co-operative and mutual societies separately.

(1) See *Bulletin of Economic and Social Intelligence* for August, 1912, pp. 27 et seqq.

(2) See the Preface to the Report of the Enquiry by the General Manager of Statistics and Labour, Prof. Giovanni Montemartini.

(3) It is necessary to observe that the data we are giving on the co-operative and mutual societies, more especially those relating to the rural banks and mutual aid societies, have no quantitative value, that, they do not represent the real number of existing Catholic institutions — the enquiry as far as these are concerned being confined to an initial phase and not continued to the following ones — but they have a qualitative value, as indicative of the development of the various groups of societies. They serve, especially, to indicate the relations between the co-operative organisms and the workmen's improvement organizations, the part and importance of the real workmen's element in them, and how such organisms may be considered as bodies completing the professional movement or nuclei or forms preparing a further development of the movement itself.

CHAPTER I.

CO-OPERATIVE SOCIETIES.

§ 1. *Co-operative Labour Societies.*

The Labour Office by means of its enquiry received notice of 57 co-operative societies in all, 51 of which had 3,652 members (1) ; and received answers to its list of questions from 50 societies with 3,551 members, 5 of these societies being affiliated to improvement organizations.

The largest group (19 out of 57) are co-operative societies of day labourers, masons and such like, and undertake public or private road or canal works, ploughing, building, etc. We find most of them in the provinces of Ferrara, Parma and Reggio Emilia.

To these must be added 38 workmen's co-operative societies for special industries (carpenters', brickmakers', goldsmiths', etc. societies), in which the members are engaged in special work or special forms of production.

The first were founded in 1898 ; in 1903 there were 16 ; in 1906, 30 ; in 1909, 50.

Of the 50 that answered the questions sent them, 41 were legally constituted, for the most part as societies limited by shares, with unlimited capital.

Almost all the members (99.81 %) belong to the working classes strictly so called. But it is not the members alone who work or produce, but also outside workers are employed by the society. If, however, the work is reserved for members only and is not plentiful, sometimes it is arranged that they take turns so that all may be occupied in due course.

The profits are generally distributed in proportion to the work done, and often equally between members and non-members ; the latter are, however, sometimes only paid fixed wages.

Such societies often avail themselves of the credit of the economic institutions to which they owe their origin, such as rural banks, workmen's banks, mutual aid societies, etc. And sometimes they have started thrift institutes, warehouses for implements and material for labour, and

(1) In the case of certain institutions from which the Labour Office did not receive the answers to its list of questions, it was able to obtain information in other ways and in particular through the inquiry recently instituted by the Economico-Social Union of Catholics, at Bergamo.

professional schools for members. The motives for their foundation were almost always the necessity of remedying unemployment, checking emigration, increasing the workmen's incomes, etc.

We have the details of the balance sheets of only 20 co-operative societies. These had together total receipts of 570,321 frs. and a total expenditure of 540,389 frs. 18 societies showed a total profit of 29,932 frs.; 24 a total share capital of 88,618 frs., and 12 a total reserve fund of 14,462 frs.

§ 2. *Collective Farms.*

The Labour Office by means of its enquiry received information of altogether 64 collective farms, 62 of which had together 9,612 members, and received answers to its list of questions from 59 collective farms.

The largest number of these is to be found in Sicily (29 out of 64), then in Lombardy (18) and then in Venetia (12). The earliest were founded in Sicily and Lombardy in 1900 and 1901; in 1902 there were 30; in 1906, 46; in 1909, 60.

Of the 50 farms that answered the questions, 38 were legally constituted either as societies of collective title or as societies limited by shares, with unlimited capital, or even sometimes as societies in civil law. (1)

The members, excluding those of farms affiliated to other organizations of professional character, were divided as follows:

	Men	Women	Either Sex under 18 years	Age and Sex non indicated	Total
Small Proprietors . . .	446	2	—	—	448
Small Farmers	988	93	118	—	1,199
Métayers	641	—	—	—	641
Free Day Labourers . . .	140	—	4	—	144
Partly Free and Contract Labourers	27	—	—	—	27
Unclassified and Va- rious	2,491	581	565	110	3,747
Total . . .	4,733	676	687	110	6,206

(1) This form was first adopted at Treviglio (Bergamo) by the "Società dei Probi Contadini" of Castel Cerreto and Battaglie.

Almost all these farms are worked on the system of *divided management*, according to which the land hired is cultivated in lots by the individual members, each paying an annual proportion of the rent according to the quantity and quality of the land assigned to him and to the total rent for which the members are jointly and severally liable. Each member cultivates his lot for his own account, that is to say, he counts any loss or gain as his own. Only occasionally have the members to cultivate their lots in accordance with rules laid down by a single supreme management; sometimes there are general rules for the work of irrigation, of ploughing, etc., sometimes the sale of special produce is carried on collectively.

Only two cases were met with of farms worked on the system of *joint management* according to which the land rented is cultivated collectively by the members under a single management. On some farms this system was adopted, but only temporarily or partially; in one case for an initial period of 3 years, with the intention of bringing the land rented under cultivation; in other cases the system was adopted only for a part of the farm (woods, pasture land, etc.), or for special work (ploughing, planting, etc.).

Even in case of farms worked on the system of divided management, however, very often the society keeps as common property, for the use of its members, implements, machinery, farm requisites, seeds, manure, etc. Often it insures its members collectively against accidents in agriculture, against hail, fire, death of cattle; encourages reciprocity and credit, promotes agricultural education, founds experimental farms, etc.

Cases of farms are also met with in which the members are only granted small pieces of land that may be worked in their spare time, or by women or old men, or in days of unemployment, but do not absorb the whole energies of the member's families.

The profits are variously distributed, according to the various kinds of societies; in the co-operative societies limited by shares they are the property of the society, in societies of collective title, they are distributed in equal proportion among members; in farms under joint management, they are distributed among the members in proportion to the work done. And if there are not sufficient members for all the work, outside labour is obtained, paid by the day, and sometimes the labourers employed receive a share in the profits.

In 22 farms the area of the land rented was 45,141 ha, 56 are, 32 centiare.

We have information as to the accounts of only 19 farms: they had total credits of 712,871 frs and debits of 711,350 frs.; 17 showed total profits of 5,020 frs.; 11 total share capital of 36,980 frs., and 4 total reserve funds of 17,188 (1).

(1) The farms often originated with improvement organisations, or credit or mutual institutions.

§ 3. *Co-operative Societies for Purchase and Sale.*

The Catholic purchase and sale co-operative societies, for the most part, take the name of *Rural Unions*. The Labour Office had received information of 487 of them in all (1); 419 of them having 50,410 members; but only 384 answered the list of questions.

The largest numbers of them are found in Piedmont, (160 societies, and in the Province of Turin alone, 88); in Lombardy (93 societies, especially in the Provinces of Milan, Brescia and Bergamo); in Emilia (92 societies, chiefly in the provinces of Bologna, Reggio and Ravenna); and in Venetia (89 societies, in the provinces of Treviso, Udine and Vicenza).

The oldest of these date from 1884-1894, during which period the first 20 rural unions were founded; which increased to 89 in 1897, to 131 in 1900, to 251 in 1903, to 332 in 1906, to 409 in 1909 (2).

Of 384 that answered the list of questions, 54 were legally constituted, either under form of limited liability co-operative societies, or, sometimes, of societies of collective title. Very frequently they also appear as societies of general character, which propose to themselves the intellectual, moral, and economic improvement of their members (3) and declare their intention, for this purpose, to undertake, in addition to their work of thrift, credit and insurance, also that of the wholesale purchase of seeds, manure, agricultural articles and machinery for their members. Often, indeed, such institutions have the form of real improvement organizations, and declare in their rules their intention to represent the rural classes, to interest themselves in their difficulties, to find employment for them, to provide for their agricultural education, etc.

But these co-operative societies have not always storehouses or shops for their goods; often they limit themselves to purchasing wholesale definite quantities of goods, regularly ordered, and distributing them to members at the purchase price; in such case there is no real balance sheet, as the societies act as mere intermediaries and have neither profits nor loss. (4).

(1) Amongst these in the report of the enquiry there are included various co-operative distributive societies, since they also sell agricultural articles, and many rural banks, as they purchase collectively farm requisites, manure and agricultural machinery for their members.

(2) The date of foundation of 74 societies is unknown.

(3) 98.16 % of the members belong to the working classes properly so called, 0.22 % are managers of shops and traders, 0.46 % clerks, 0.76 % professional men and, 0.40 % landholders and persons of means.

(4) Generally the rural unions sell to members only.

Besides the said unions for *collective purchase* (1), there are a few that carry on collective sale of agricultural produce (cocoons, eggs, fruit, etc.).

We have particulars of the balance sheets of only 60 societies and the total amount of purchases and sales made by these in the last working year was 4,243,240 frs.; the total credits of 46 co-operative societies amounted to 3,388,454 frs. and the total debits to 3,324,487 frs.; 44 societies had total profits of 59,203 frs.; 41 total share capital of 332,913 frs., and 21 total reserve funds of 128,985 frs.

Let us mention, finally, that in almost all the dioceses or regions there are federative centres, in which the movement is more developed, and that have, together with the duties of co-ordination, inspection, assistance, etc., also that of purchasing agricultural goods to distribute among the federated societies. In this way the Turin Agricultural Federation works in Turin, the Bergamo Agricultural Union at Bergamo, the Romagna Agricultural Union at Bologna. Then the individual co-operative societies and the federative organs adhere, almost entirely, to the Economico-Social Union among the Italian Catholics with headquarters at Bergamo.

§ 4. *Dairies and Wine Societies.*

These two groups of societies, not strictly representing workmen's organizations, were not included in the enquiry. But for us it is well to note that the Labour Office had information of 72 dairy societies and received answers to their questions from 57, with 4,058 members. The largest number of these is found in Venetia, where there are 27, 25 of which have 2,445 members. Then there are 18 dairies in Lombardy, 13 of which have altogether 587 members, and 17 in Emilia where 12 have together 386 members.

The revenue of 29 of these societies was last year 604,994 frs., and their expenditure 451,637 frs.; the capital of 33 dairies amounted to 238,492 frs.

So also, the Office had information of 17 wine societies and 14 of these, which had together 864 members, answered its questions.

The largest number of these is found in Piedmont, where there are 9, 6 of them having together 388 members, then in Lombardy, where 5 societies have 208 members. 6 societies showed a total revenue last year of 339,431 frs. and their capital was 60,278 frs.

(1) Often these co-operative societies occupy themselves also with agricultural progress by means of schools, propaganda lectures and experimental farms, and sometimes purchase agricultural machinery that they hire out to members in turn.

§ 5. *Rural Banks.*

The Catholic Rural Banks reported were 942, (746 legally constituted), 574 of which had 68,531 members. 94.25 % of these are workmen ; 1.02 % shopkeepers and traders, 0.38 % clerks, 1.75 % professional men and 2.60 % landholders and persons of means.

We find the largest numbers of these banks in Emilia, 218, principally in the provinces of Bologna (73), Parma (41), Ravenna (40), Ferrara (36) ; then in Venetia, 208, chiefly in the provinces of Rovigo (55), Treviso (52), Vicenza (29) and Verona (28) ; in Lombardy, 166, chiefly in the provinces of Bergamo (78), Brescia (38), Milan (21) ; in Sicily, 111, especially in the Provinces of Girgenti (38), Caltanissetta (23) and Palermo (21) ; in Piedmont, 99, in the Provinces of Cuneo (43), Turin (28), and Alessandria (26) ; in Latium, 48 banks, etc.

Except for a few previously existing, these banks began to be founded in 1892, in which year there were 17 of them; these increased to 160 in 1895, to 408 in 1900, to 629 in 1903, to 763 in 1906, to 864 in 1909 (1).

By the rules (furnished by 422 banks out of 589 that answered the list of questions), it appears, as has often been said, that the banks, besides their specific object of granting loans to members, aim generally at their economic improvement, sometimes in the professional field, proposing to safeguard the conditions their labour and to assist them in their relations with other classes, sometimes obtaining for their members various economic advantages hiring farms collectively for them, purchasing farm requisites, or arranging for the insurance of their cattle. Sometimes the banks undertake such work directly, sometimes it is undertaken by special departments of the bank. In Sicily especially, the banks have undertaken collective farming or have promoted the formation of special societies for the purpose, amongst their own members, to whom they have given credit.

The intellectual and moral improvement of members is also favoured by the organization of lectures on general, social or agricultural education, the foundation of libraries, circulation of technical and economic newspapers, etc.

The *denominational character* of these institutions is generally speaking very marked ; not only as the inspiring element of the moral work of the organization, but also as a foundation considered necessary for guaranteeing the correct working of the bank. In the rules of some banks

(1) The date of foundation of many rural banks is unknown.

Catholicism is made a condition for the admission of members, in others various obligations of a religious nature are imposed on them. Yet there are cases where the denominationalism is only hinted at or not mentioned at all.

What we have said applies to the general nature of these organisms; with regard to their economic position, it is enough to say that 704 banks showed total assets of 49,207,675 frs., 698 of them had deposits to the amount of 39,231,380 frs.; 719 showed loans for 31,607,250 frs.; the share capital of 640 banks was 274,101 frs., and the reserve fund of 497 banks amounted to 792,868 frs.

We must finally observe that almost everywhere there are diocesan, provincial and regional federations of rural banks, which, in addition to the usual aims of uniting and representing their federated members, have that of banking for them, centralising their superabundant capital, providing the necessary credits and undertaking the inspection of their work. Where there are no real and true Federations with such office, the banks, for the most part are affiliated to larger credit institutes which provide them with credit, receive their deposits, etc., and exercise a continual control or supervision over their proceedings. Among others may be mentioned: the *Provincial Federation of the Rural Banks of Brescia* with 37 members; the *Federation of the Rural Banks and Co-operative Societies of Romagna* at Faenza, with 57 Banks adhering on December 31st., 1910; the *Central Credit Institute of Latium* in Rome, federating 24 rural banks of Latium.

These Federations are again affiliated to the *National Federation of Catholic Rural Banks*, with headquarters at Bologna, founded in 1909 by the *Economico-Social Union among Italian Catholics* (Bergamo). In accordance with the latest rules of this Union, one of the four *General Secretariats* composing it is the *General Secretariat for Institutes of Credit*, in which the above Federation is to be united with the other credit institutes. This *secretariat* represents all the affiliated institutions and occupies itself with their interests and development.

§ 6. *Workmen's Banks and People's Banks.*

Besides the rural banks above considered, there are *workmen's banks*, *people's savings*, *deposit and loan banks*, besides the *people's banks* and *small credit banks*. The Labour Office received information altogether of 83 workmen's banks, 70 of which had together 10,022 members, and its

(1) For the constitution and importance of the People's Banks in Italy, see our article in the number of this Bulletin for October 31st., 194, page 59.

list of questions was answered by 45, which had a total of 8,285 members. It also was advised of other 31 legally constituted banks, 29 of which replied to its questions.

The three oldest workmen's banks were founded in 1898-1900; in 1903 there were 29; in 1906, 48; in 1909, 71. The date of foundation of 10 of them is not known.

The oldest of the above legally constituted banks dates from 1888; in 1895 there were 4; in 1900, 14; in 1903, 23; in 1906, 27; and in 1909, 31.

Of the 45 workmen's banks that answered the questions, 41 were legally constituted, sometimes in the form of co-operative societies with liability limited by shares, sometimes in that of co-operative societies of collective title. Sometimes they assume neither form, but work as simple *de facto* societies, in which the members contribute small amounts, fixed or voluntary, and may receive fixed amounts as loans. 94.37 % of the members are of the working classes, 0.37 % of the commercial classes; 1.21 % are clerks, 2.52 % professional men and 1.53 % landholders and persons of means.

These banks, as is seen in their rules, limit themselves in some cases to collecting the savings of their members, in others, on the contrary, they grant them loans either in proportion to their deposits or up to a certain fixed amount. Often they undertake other business besides that of credit, for example, co-operative distribution, insurance, etc.

We have the details of the balance sheets of 39 of these bodies which we reproduce, as in the case of the rural banks, from the Official Bulletin of the Societies Limited by Shares. Their total assets amounted to 1,358,457 frs.; the deposits in 32 banks, to 874,039 frs.; the loans in 36 banks, to 474,981 frs.; the share capital in 34 banks, to 114,387 frs.; and the reserve fund in 32 banks, to 19,307 frs.

Sometimes these banks attain the proportions of small people's banks, and then do not present any difference from the latter (1). Some are really important, for example, the *Bergamo Small Credit Institute* at Bergamo, with 1 branch and 7 agencies; the *S. Paolo Bank* at Brescia, with 6 agencies; the *Romagna Small Credit Bank* at Bologna, with 5 offices, 6 branches, and 17 agencies, etc.

Federative organs also exist; and indeed the real workmen's banks are generally affiliated to Provincial and Regional Federations and by means of these to the above mentioned Economico-Social Union among the Italian Catholics (Bergamo), in which they will be in due time united in the General Secretariat for Credit Institutes (1); and the other banks men-

(1) For the constitution of the Economico-Social Union among the Italian Catholics at Bergamo and its General Secretariats, see *Bulletin of Economic and Social Intelligence* for July 1911, p. 75.

tioned above belong to the *Banking Federation* of Bologna, founded in 1909, which is also to be united in the above *Secretariat*.

§ 7. Co-operative Distributive Societies.

250 of the above were reported, 215 of them with 26,488 members altogether, 90.81 % of which belonged to the working classes properly so called, and the rest, in varying proportion, to the commercial and professional classes, and to the classes of clerks and landowners.

The largest number of them is found in Lombardy, where there are 88, and especially in the Provinces of Milan and Como. Then in Venetia there are 47, in Piedmont 35 ; and in Emilia 18.

They were founded in specially large numbers between 1890 and 1896 (1). In 1895 there were 18 ; in 1900 51, in 1903 112, in 1906 168 and in 1909 222 (2).

In the total number of 206 societies that answered the list of questions there were 105 legally constituted as limited liability co-operative societies or societies of collective title. But there are also purely *de facto* societies, in the form of associations of general character, proposing to themselves the intellectual moral and economic improvement of the workmen, and stating their intention, with this end in view, in addition to their other work in the field of thrift, co-operation and credit, to facilitate for them the purchase of articles of consumption by means of direct wholesale purchase from the producers, and re-sale to members. For this work the societies generally provide themselves with storehouses, warehouses and shops, in which they sell retail, sometimes only to members, oftener also to non-members, at current prices or a little below. There are other societies, that have no shops, but limit themselves to wholesale purchase of definite quantities of goods, ordered by members, and the distribution of the same at the purchase price.

The profits are divided in varying proportion, according to the form of the society, among the shareholders or members, in proportion to the purchases made, and sometimes even among non-members, in the same proportion as to the members or in different proportion ; a percentage of the profits is also almost always distributed among the employees of the society (storekeepers, clerks, etc.) ; another percentage is often devoted to purposes of thrift in favour of the members, to institutions of credit,

(1) The first was founded in 1872.

(2) The date of foundation of 28 of these is unknown.

co-operation, education, charity, etc. Nor are instances wanting in which the profits have been employed for the insurance of members against old age and invalidity, for the building of workmen's dwellings, etc.

We have details of the balance sheets of only 102 societies. 88 of these did a total warehouse business of 3,714,061 frs.; 98 showed total credits of 1,765,193 frs., and debits of 1,669,626 frs.; 86 showed total profits of 61,706 frs.; 102 a share capital of 327,292 frs. and 54 a reserve fund of 46,149 frs.

It is observed, finally, that often co-operative distributive societies originate with or are connected with other economic organisations, either co-operative, and, especially, co-operative credit, or mutual societies, or even give birth to similar institutions. For the most part they are affiliated to federative bodies or provincial or diocesan central *secretariats*.

CHAPTER II.

MUTUAL THRIFT INSTITUTIONS.

§ 1. *Mutual Aid Societies.*

The Labour Office received information, by means of its enquiry, of altogether 799 mutual aid societies, 665 of them having altogether 88,508 members, and received answers to its list of questions from 489.

The largest numbers are to be found in Lombardy, (372) especially in the Provinces of Bergamo (120), Brescia (86), Milan (90); and then in Venetia (151), especially in the Province of Vicenza (60); in Piedmont (99), where in the Province of Novara alone there are 38; in Liguria (40).

The oldest society dates from 1854. In 1880 there were 21, increasing in number to 102 in 1885, 148 in 1890, 246 in 1895, 318 in 1900, 417 in 1903, 477 in 1906, and 548 in 1909. (The date of foundation of 243 is unknown). But of the 489 societies from which answers to the list of questions were received, only 36 were legally constituted.

94.12 % of their members are workmen; 2.26 managers and dealers; 0.69 % clerks, 1.85 % professional men, and 1.08 % landowners and persons of means.

In the case of 488 of these bodies, the enquiry made it possible to ascertain the kind of assistance given; from investigations made it appeared that 483 (98.97 %) societies gave subsidies in case of sickness; 74 (15.16 %) granted medical assistance and 163 (33.41 %) assistance in the case of invalidity; 10 (2.05 %) gave subsidies in the case of unemployment; 27 (5.53 %) to women in their confinements; 37 (7.58 %) to persons injured

by accidents; 102 (20.91 %) granted subsidies to widows and orphans; and 57 (10.45 %) for funeral expenses.

Besides this principal object of the distribution of subsidies, the mutual aid societies have other secondary objects, such as the registration of their members in the National Thrift Bank, cattle and fire insurance, etc. And sometimes they also propose to themselves the defence of the professional interests of the workmen registered, with the support of their claims, demands for the improvement of the conditions of their labour, intervention in their agitations and difficulties, and the obtaining of employments for them. Precisely for this reason, which has been elsewhere touched on, these societies may be considered the nuclei of the work of improvement, and of real and true professional organizations. The denominational character of these societies is often declared in their rules more openly than in those of the institutions previously examined.

We have details of the situation of 385 societies. 363 showed total receipts amounting to 496,696 frs.; 359 a total expenditure of 404,250 frs. and the share capital of 385 amounted 1,333,122 frs.

Let us finally note that in almost all the regions, provinces and dioceses in which the movement is most advanced there are federations of societies, sometimes only for purposes of union and representation, sometimes also with economic functions for the centralization of capital in one bank, reinsurance, etc. Let us mention the Ligurian Catholic Workmen's Federation of Genoa, with 39 affiliated societies; the Federation of Catholic Workmen's Societies of Valcamonica (Brescia), with 42 mutual aid clubs, the Federation of the Catholic Workmen's Mutual Aid Societies of the Diocese of Vicenza, founded in 1888, with 93 affiliated societies; the Roman Federation of Mutual Societies in Rome, founded in 1908, with 17 societies, etc.

By far the most of the separate societies and the federative bodies are affiliated to the Economico-Social Union among the Italian Catholics (Bergamo), which, in 1907, founded a National Federation of Catholic Mutual Aid Societies. By the new rules of this Union one of the four *secretariats* constituting it is the *General Secretariat for the Institutes of Thrift and Assistance*, to which all societies represented and protected by it must adhere. (1).

§ 2. Mutual Cattle and Fire Insurance Societies.

Another form of mutual assistance among Catholics is that of insurance against sickness and death of livestock and against fire.

(1) According to the last Statistics of Mutual Aid Societies, published by the Minister of Agriculture, Industry and Commerce, relating to the Year 1905, the total number of such societies in Italy in that year was 6,335, with 953,455 members.

The Labour Office was notified of 261 mutual cattle insurance societies, 177 of which had 23,852 members and 109 answered the list of questions. 103 of these had 17,387 members; it was further advised of 62 mutual fire insurance societies, 17 of which had 2,187 members in all, and 11 answered the list of questions, 8 of them having 1,019 members.

The largest number of the cattle insurance societies reported is found in Lombardy, namely 174 societies; then in Venetia there are 62 societies. Almost all the mutual fire insurance societies, that is 56, are in Piedmont.

The first mutual cattle insurance societies were founded between 1882 and 1890; in 1895 there were 32. The number rose to 71 in 1900, to 87 in 1903, to 110 in 1906, to 122 in 1909. (We do not know the date of foundation of 135). The oldest mutual fire insurance society dates from 1880; in 1900 there were 10; in 1906 the number had increased to 15, in 1909 to 19. (We do not know the date of foundation of 43).

But of all the 109 cattle insurance societies which answered the list of questions, only 1 was legally constituted, as were only 6 of the 17 fire insurance societies.

The cattle insurance business is transacted according to various systems, from that of the fixed premium with fixed compensation, to that of compensation for the whole value of the animal in case of death, by means of its division among the members in proportionate shares. Sometimes livestock is insured against disease, sometimes only against death or accident. Generally, the society includes within its scope the improvement of livestock, and the education of members in the subject, etc. The mutual fire insurance societies, on the other hand, have no other object, than the specific one of insurance.

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Altogether it appeared from the enquiry of the National Labour Office that the Catholic organizations were 3,018 and their members 346,864 in number, 202,743 being men, 48,098 women, 12,905 persons of either sex under 18 years of age, and 83,118 were returned without age or sex being stated. There were 102,293 industrial workers, and 115,603 agricultural. The occupation of the others is not known.

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CO-OPERATION AND ASSOCIATION

RUSSIA.

I, — CURRENT QUESTIONS.

The People's Credit Banks of the Russian Zemstvos.

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§ 1. *Introduction : The Institutions of the Zemstvos.*

Although our readers are not ignorant of the organizations of the zemstvos, we think it all the same well to preface this study by a short account of these institutions and of their action in behalf of the economic development of Russia.

The serious defects in the Imperial Administration induced the Emperor Alexander II to institute a sort of provincial *self-government*. The necessity of administrative reform became more urgent still after the suppression of serfdom in 1861, as by it the duties of the public authorities were considerably multiplied and rendered more complicated.

For this reason the *zemstvos* — independent administrative provincial and district institutions (1) — were founded, by law of 1867 in 34 Governments of European Russia.

These institutions are elective assemblies, in which the various classes of the rural population are represented.

The representatives of the district (2) *zemstvos* are divided into three classes: the representatives of the peasant communes, elected by a sort of universal suffrage in three and four stages, and the representatives of the towns, and those of the land holders, properly so called, elected by the possessors of certain property qualifications, and the seats are divided among these three groups in proportion to the real estate held by each. An average district assembly is composed of some thirty landholders, 27 or 28 peasants and 4 or 5 town merchants.

The provincial assembly is only a union of the delegates of the various district assemblies of the province, each district zemstvo is represented in the provincial zemstvo by a certain number of its members, seven or eight generally, so that the provincial zemstvo is composed of 60, 80 and sometimes of 100 delegates, the Russian provinces generally containing 8, 10 or 12 districts. These assemblies, which generally meet only once a year, have an executive body, the zemstvo commission or delegation, "*Zemskaya ouprava*," which sits permanently and is authorised to administer all the economic business of the zemstvos. The prerogatives of these provincial estates, at present modified, were formerly very considerable, thei

(1) "*Zemstvos*", territorial assemblies, from "*zemia*", land, country.

(2) There are now 471 districts in the 47 Russian Governments.

competence was not restricted to administration strictly so called, it extended to justice, as the assemblies appointed the magistrates, to public assistance and education, to the medical service and sanitation, to agriculture and to trade. So that all the moral and material interests of the province were within their competence.

As now modified these manifold powers are shared between the district and provincial zemstvos.

In general, the first are invested with all the above powers as far as the district or "*ouiezd*" is concerned, the latter with the same as far as concerns the whole province or "*gouvernie*," with, in addition, a certain control over the inferior zemstvos.

§ 2. Action of the Zemstvos in favour of the Economic Development of Russia.

An impartial observer must admit that the zemstvos have contributed in a very important degree to the economic development of the Empire. Let us mention that the zemstvos have founded a new and more equitable system for the distribution of rural taxes, that they have established compulsory mutual insurance in the country, that they have instituted offices of technical inspection of various kinds, that, by means of the zemstvos, the improvement of horses and horned cattle has been considerably developed and that the reduction of the instalments paid by peasants purchasing land has been strongly supported by them. The zemstvos have also granted credit under different forms to a considerable amount and in especial they have endeavoured to support the foundation of credit institutions, which 50 years ago were still in their infancy in Russia.

But it would require too much time to give detailed information on all the forms of this activity. We shall limit ourselves therefore in this article to the work accomplished by the zemstvos in favour of credit institutions, which, as we shall see, presents many analogies with that of the Austrian *Landesausschüsse*, and the most remarkable result of this has been the foundation of the zemstvos' people's credit banks.

Already in 1864, the Kherson zemsto favoured the organization of the "Kherson Land Credit Association," which has greatly developed, extending its field of action to the Governments of Jekaterinoslaw, Taurida and Bessarabia.

It was therefore by means of subsidies from the zemstvos that the co-operative credit societies could be formed. Before 1871, when the zemstvos began to interest themselves in credit co-operation, there were in Russia only two co-operative credit societies, but, already on the 1st. of

July of that year, there were 35 new agricultural co-operative credit societies working in the Empire, to which the zemstvos had granted loans. In the course of the period 1872-1877 other 782 co-operative societies of the same character were started, and the zemstvo administrations endowed them with a total subsidy of 312,000 roubles. But most of the societies having been diverted from their mission, this progressive movement slackened abruptly in 1878, and the number of new co-operative societies fell gradually from 329 during the period 1878-1883 to 80 in 1884-1886 and after 1887 the zemstvo administrations ceased even to interest themselves in their destiny and from that date were only anxious to recover the advances they had made them under the form of subsidies.

The foundation, of the peasants' land bank at Moscow, instituted by the State in 1882 was also strongly supported by the zemstvos.

From the commencement of their activity the zemstvos contemplated the foundation of credit institutions of their own, and a special law of May 17th., 1871, authorised them to found land credit banks, but this law remained without effect, except that the project was realised thirty five years later under the form of the *People's Credit Banks of the Zemstvos*.⁽¹⁾

§ 3. Organization and Aim of the Zemstvo Banks

according to the Imperial Order of 1904 and the Regulations of 1906.

In order better to understand the place of the Zemstvo banks in Russian popular credit, before explaining their organization and objects, we shall give a little information upon the other institutions that occupy themselves with this class of operations.

When the rules of the State Bank were revised in 1893 the question of the reform of popular agricultural credit was raised, as a result of which an organic law was promulgated on June 1st., 1895 on the "*co-operative loan and savings associations*" and the "*co-operative agricultural credit societies*."

The first mentioned of these popular institutions were to have, in the intention of the law, a regional character and to a certain degree perform the duty of central banks for the small agricultural co-operative credit societies, which would play a purely local part. However, ten years had not passed before a new reform of small credit was proposed. The need for popular credit had considerably increased, and it was decided to organize, in addi-

(1) An Imperial Order of 1904 authorises the foundation of these institutions by the zemstvos in 1907 and the banks began working.

tion to the two above forms of small credit institutions, two others also, the "*popular credit banks of the zemstvos*" and the "*rural loan and savings banks.*" The organization and aims of the zemstvo banks we shall explain hereafter. As to the rural commune loan and savings banks, we shall confine ourselves here to pointing out that they are of a strictly co-operative character and that they extend their operations either to a village or a *volost* or a *stan* (1).

An imperial order mentioned above, drawn up in accordance with the proposals of a special conference called in 1902 to study the requirements of agricultural industry in relation to institutions of small popular credit was promulgated on the 7th./20th. June, 1904. The zemstvo banks were the object of special detailed stipulations, established by the regulations of the Minister of Finance of 14th./27th. June, 1906.

In accordance with the above Imperial Order and regulations the people's credit banks of the Zemstvos (2) were intended to facilitate for the landholders, farmers, "industrials" and artisans, as well as for the "artelles" (3), societies and associations formed by them, the "*volost*," "*stan*" and village associations, and the peasant co-operative societies, every form of economic transaction, including the improvement of their plant;

(a) by placing at the disposal of the above persons and societies in accordance with the ordinary principles of credit, the sums they require, the employment of which the banks supervise;

(b) by supporting and encouraging the popular credit institutions founded by the same persons and societies.

It is for the Zemstvo meetings to decide on the foundation of a bank; they may also issue regulations for the internal working of the same, give it its name, and fix the amount of its working capital, etc.

The administration of these banks is entrusted to the Zemstvo meeting, which acts through its "*ouprava*" and the management of the bank itself, consisting of at least three members, elected at the meetings and holding office for three years. In a word, it may be said that there is a division of powers so that the meeting issues general orders for the working of the banks, whilst the "*ouprava*" and the management are entrusted with the immediate administration, the organization of which varies in different banks. These enjoy a certain liberty in the matter. The supreme management and the chief supervision are entrusted to the general administra-

(1) *Volost* and *stan*, subdivisions of districts,

(2) The conditions are the same for the zemstvo government and the zemstvo district banks. The law makes no distinction in their powers.

(3) A form of co-operative professional association peculiar to Russia.

tion of popular credit, which again is dependent on the State Bank and has the supervision of all popular credit establishments.

The work of each bank, which generally extends to a whole province or district, but may be limited to a smaller sphere (1), consists in :

- (a) receiving money in deposit and contracting loans ;
- (b) granting loans to popular credit institutions and opening credits for them, either in order to form their initial capital, or to increase their working capital, or for the creation of special funds ;
- (c) acting as intermediaries between these institutions ;
- d) lastly, granting loans to individuals, co-operative societies, "artelles" and associations and serving as intermediaries in their economic transactions.

The *initial capital* of the zemstvo banks may be made up in various ways, of subventions from the zemstvo administrations, donations, contributions out of the net profits of the banks, as well as deposits received for the purpose. The initial capital, serving principally to guarantee the banks' engagements may even be borrowed. But, in addition to it, special funds may also be formed in the same way to allow of the banks lending in order to form the initial capital of any other credit institution, and placing such institutions in a position to do the work of intermediaries and to build storehouses. The above regulations stipulate that all long term loans granted by the banks must be in proportion to their capital and deposits and the long term loans they have received.

The banks are authorized, as we have already mentioned, to receive deposits repayable on demand, or on notice given, or at a fixed date ; they may even receive deposits in current account and under other conditions. It is evident such conditions must not be contrary to the laws in force. The special conditions for deposits, as, for example, their amount and rate of interest, are settled at the zemstvo meetings, where also all the conditions to be observed by the bank in borrowing are laid down.

The liability of the banks in the case of deposits and loans, the maximum amount of which, according to the regulations, must not exceed ten times the initial capital, is guaranteed by the zemstvo meeting founding the banks. We must remember that the zemstvos, with a single exception, have only founded one bank per Government or district.

One of the chief duties of the zemstvo banks is to co-operate with other credit institutions. The banks are authorized to grant them loans for a fixed term or in current account, either in order to increase their working capital or to provide them with an initial capital.

(1) Only in one district, that of Novomoskowl, has the zemstvo founded many banks. No other district has more than one.

The banks exercise certain rights of inspection and supervision over the institutions thus subsidised. The duration of the loans, the rate of interest and other conditions are fixed at the meetings.

The loans the banks grant to other institutions and to private persons may be for long terms — of from one to five years — or short terms — of less than a year — and are guaranteed either by the personal character of the debtor, by surety or pledge. In the case of essential improvements or new undertakings (lopping of forest trees, draining or irrigation of land, building of mills, foundation of industrial establishments, etc.), the loans are granted for a maximum term of 5 years, and loans for the purchase of plant, livestock, machines and implements are granted for a maximum period of three years. In any other case, loans are only granted for short periods.

The regulations of 14th./27th. June, 1906 also contain clauses relative to the amounts lent.

Loans to private persons must not, as a rule, exceed 300 roubles (about 800 francs) in amount. However, if the bank is authorized to grant loans on pledge (corn or other agricultural or manufactured produce), the amount may be 1,000 roubles (about 2,667 frs.). With regard to loans to collective borrowers, it is stipulated that the share of each partner must not exceed the maximum of 300 roubles fixed for individual borrowers.

Let us further mention that the zemstvo banks enjoy certain privileges : they are exempted from the ordinary State tax on industries and some other duties.

§ 4. *Progress and Work of the Banks.*

The regulations for the zemstvo popular credit banks were confirmed by the Minister of Finance on the 14th./27th. June, 1906 and in the early part of 1907 the zemstvos began founding these banks. The first, the district bank of Cholin (Government of Bessarabia), was founded in January; in February another was established, and by the end of the year there were 19 banks working. The subsequent progress of these popular credit institutions has been very rapid, as appears from the following table, drawn up from information supplied by the administration of the popular credit banks.

1st. January	Number of Banks	Total Credits and Debits	Loans		Deposits and Loans Received
			to Popular Credit Institutions	to other Institutions	
			Thous and of Roubles		
1908	19	—	—	—	—
1909	39 (1)	2,568.2	613.1	1,504.3	1,148.9
1910	58 (2)	6,311.3	1,867.5	2,853.0	3,771.3
1911	78 (3)	14,426.6	5,658.6	4,673.6	9,558.6
1912	107 (4)	26,956.5	11,120.4	9,590.6	10,022.7
(1) Data for 35 banks.					
(2) " 35 "					
(3) " 62 "					
(4) " 107 " At the end of 1911, the foundation of 130 banks was in contemplation.					

Naturally such rapid progress has attracted general attention from all interested in popular credit institutions in Russia. In 1911 it was already possible to judge the work of the banks and to study their character.

Thus, the "Committee of Rural Credit and Savings Associations and Co-operative Manufacturing Associations" of the Moscow Society of Agriculture (1) began to interest itself in the zemstvo banks. For the week from 1st./14th. to 6th./19th. of September, 1911, it organized a series of conferences at Moscow, in which the present condition and future development of the Zemstvo banks were set forth and discussed by the most competent authorities. In order to obtain the most reliable information possible for the lectures, the Committee instituted an enquiry into the working of the banks and questioned them as to certain details within their province.

The enquiry extended to a large number of subjects and the report offers a striking view of the most important present difficulties with which the banks have to contend. We shall limit ourselves here to giving the essential points of the enquiry.

What is the chief work of the bank?

What are its relations with the co-operative societies?

Does it grant credit to individuals and co-operative societies or to the latter exclusively?

(1) A Society the object of which is to promote the progress of rural economy and agricultural industry in every way.

Does it follow different systems in granting credit to private persons and to co-operative societies?

What is the opinion of the bank with regard to credit to private borrowers? Is it a temporary or a permanent and indispensable part of the business?

What are the bank's rules and conditions for granting credit to private persons and to co-operative societies? What is the maximum amount and rate of interest fixed for the two classes of borrowers?

Does the bank perform the office of an intermediary and how does it organize such business?

Does the bank occupy itself with co-operative education?

On what conditions does it accept deposits?

What are the relations between the district and government zemstvo banks? How are their several provinces divided and what are the differences in the conditions on which these two classes of banks grant loans and receive deposits?

Unfortunately the answers of the banks were often very incomplete, but they have, however, a certain value as supplementing the data of the official statistics we have just reproduced and afford us also information on the present activity and principal forms of these credit institutions.

We shall here give an idea of them.

The report of the zemstvo banks provides us with very characteristic indications as to the activity of the banks in regard to the foundation of credit co-operative societies. According to the results of the enquiry, only 27 banks considered it their duty to co-operate in the foundation of such societies; 10 of them have attempted to organize a whole system of co-operative societies, whilst the rest try in different ways to promote their foundation. Unfortunately, information was not asked as to the number founded with the help of the banks, but the answers to other questions show that the activity of these 27 banks has been very great. Let us only mention here that in ten months the zemstvos banks of the Government of Kazan assisted in the foundation of 24 societies.

With regard to the work of co-operation with the distributive associations, to which the zemstvo banks, next to their co-operation with the credit institutions, chiefly devote themselves, the Banks may be classified in five groups:

(1st.) Banks that have taken the initiative in matters of legislation

(2nd.) Banks that facilitate the economic operations of the above associations by grants of credit.

(3rd.) Banks that co-operate in the organization of these associations.

(4th.) Banks that have instituted lecturerships on distributive co-operation, etc.

(5th.) Banks that study the theory of distributive co-operation.

According to the regulations of 14th./27th. June, 1906 on the zemstvo banks, it is within the competence of these credit institutions, as above mentioned, to grant credit to associations and to individuals, and it is left to the banks themselves to make the necessary arrangements, to organize themselves either as central banks for associations and co-operative societies, or as credit institutions in direct relation with individual borrowers.

Opinions as to the advantages offered by these two forms of activity are very much divided as appears from statistics of the situation of 77 banks on the 1st. of July, 1911.

These banks may be divided into three groups :

(1st.) Banks granting loans exclusively to private individuals, in number 20.

(2nd.) Banks granting credit to individuals and to co-operative societies, in number 40.

(3rd.) Banks granting credit exclusively to co-operative societies, in number 17.

It is interesting to consider the proportion of these two forms of credit in the business done by the banks engaged in both kinds. Unfortunately, 13 of the 40 banks granting this kind of "mixed credit" give us no information in the matter. But, the 27 other banks inform us of the amount of loans granted to the co-operative societies and to private persons, as well as the number of the latter. We give below a table showing in the first group the banks in which the amounts granted to the co-operative societies are more considerable than those granted to private persons and in the second group the banks where this proportion is inverted.

Number of Banks		Amount of Loans (roubles)		Number of Loans to Private Persons
		to Co-operative Societies	to Private Persons	
1st. Group	10	2,221,060	481,453	3,370
2nd. Group	17	494,062	2,491,285	47,225
	27	2,715,122	2,972,738	50,595

It is also interesting to observe the difference between the rate of interest charged to private borrowers and the rate paid by the co-operative societies. On this point, the results of the enquiry give us information in the case of 24 banks, and we see that the conditions are much more severe

for private borrowers than for co-operative societies. The following table gives us an idea of it.

Number of Banks	Rate of Interest Paid	
	by Private Persons	by Co-operative Societies
5	12 %	7 to 9 %
1	11 %	5 %
9	10 %	8 to 9 %
6	9 %	6 to 8 %
2	8 %	6 to 8 %
1	7½ %	7½ %

The opinion that credit to private individuals is incompatible with the further progress of the zemstvo banks and that they must avoid granting it in future is already very generally diffused.

The results of the enquiry show that only 6 banks considered this form of credit a permanent and indispensable part of their business.

The causes which up to the present have obliged the banks to grant credit to private persons, are :

(1) The want of co-operative credit societies in the district of the bank :

(2) The need of capital by the people : (a) need of larger amounts, and (b) need of long term loans, which co-operative societies neither may nor can grant.

(3) The insufficient resources of the banks, hindering them from granting loans to associations and co-operative societies, the demands of which generally exceed those of private persons.

(4) The ignorance of the population with regard to popular credit.

Many banks also grant credit to farmers exclusively with a view to the purchase of plant and livestock, and others, in principle averse to this form of credit, grant it only to supplement the credit the individuals receive from the co-operative societies and with the consent of the latter.

Agency business (orders for purchase or sale, etc.) has not had a large development among the zemstvo banks. Only one bank acts as an agent for sales (the zemstvo bank of the Government of Kharkow); 13 undertake purchase business. Six banks declare that it is in their programme to undertake this class of operations. The results of the enquiry are incomplete with regard to the method followed in this business. We can only say that in several banks these operations are associated with the work of the rural storehouses founded by the banks.

Let us now briefly examine the conditions on which credit is granted.

Most of the banks included in the above enquiry have adopted the loan system and only 9 of them open credits. We have already mentioned that the maximum amount for a loan is fixed by the regulations of 14th/27th. June, 1906. 16 Banks have another supplementary rule. The limits fixed by them vary very much, from 300 to 15,000 roubles. Unfortunately, the banks give no explanation of the reasons that have induced them to fix these limits. We do not know whether they feared their resources were insufficient to undertake more important business, or whether they doubted the solvency of their borrowers.

The principles in accordance with which credit is granted vary greatly according to circumstances.

The amount of the rate of interest the banks receive varies very considerably; the rate for loans for the formation of initial capital from 4 to 7 %; for short term loans from 6 to 10 % for co-operative societies, and from $7\frac{1}{2}$ to $12\frac{1}{2}$ % for private persons.

According to the results of the enquiry, 25 banks granted long term loans; but we have no information as to the amounts.

The interest paid to depositors varies considerably; between 2 and 6 %, the minimum, in one bank, and between 5 and 8 %, the maximum, in another. Only 20 banks have special technical teachers for instruction in co-operation. Other banks entrust the work to the scientific agriculturists of the zemstvo or to the members of the management of the banks. 15 banks have undertaken the work of diffusing publications relating to co-operation. A single bank, that of the Government of Podolia, publishes a co-operative newspaper, "*The Economic Journal of Podolia*."

In most of the zemstvos the relations between the scientific agricultural organizations and the banks are very close.

Of 107 zemstvo popular credit banks, 14 were provincial and 93 district banks. Up to the present their different characters have not been defined. Except the zemstvo bank of the Government of Jekaterinoslav, which only grants credit to district zemstvo banks (that is, it has been organised as a central provincial bank for district banks), all the provincial banks grant credit under the same conditions as the district banks; 4 of them even grant it to private persons. The banks of these two categories have come to no agreement with regard to their respective spheres of action; their limits and the conditions on which they grant credit. Generally, the rate of interest asked by the Government banks is 1 % lower than that fixed by the district banks.

To give an idea of the financial situation of the zemstvo popular credit banks, we reproduce below a table showing their total credits and debits on the 1st. July, 1911 and 1st. January, 1912.

Total Credits and Debits of the Zemstvo Popular Credit Banks.

Debits.

		1st July, 1911 68 Banks	1st January, 1912 104 Banks
		(In thousands of Roubles)	
Funds . .	Own	612.9	893.8
	Capital { Borrowed { From the Admin- istration of Po- pular Credit . .	578.6	650.7
	From Various In- stitutions . . .	590.5	1,068.9
	Reserve	95.4	164.5
	Special { For Loans to Credit Institu- tions for the Formation of their Initial Capital	737.0	844.3
	Other Loans	2,048.1	2,399.6
Deposits . .	{ for a Term or Repayable on Demand .	10,855.4	15,600.7
	{ in Current Account	1,604.8	2,422.0
Loans . .	{ from the State Bank	430.5	241.2
	{ from Other Institutions	1,037.5	1,129.8
Amounts assigned for Agency Business		197.2	153.7
Miscellaneous		244.2	504.3
Interest and Percentage		1,027.5	833.0
Total . . .		20,078.6	26,956.5

Credits.

Amounts invested in Credit Institutions:

belonging to the State	138.8	235.2
Private	2,207.9	4,222.5
Bills	221.0	291.3
Loans	14,550.9	18,385.6
Loans for Special Funds	1,591.9	2,325.6
Stock in Hand	72.6	87.4
Goods on Order	661.9	852.7
Profit and Loss	291.4	32.0
Miscellaneous	184.1	257.1
In Hand	158.1	267.3
Total . . .	20,078.6	26,956.5

A glance at this table shows the large excess of deposits over loans. With respect to the loans we may also observe the tendency to cease borrowing from the State Bank. By July 1st., 1911, the State Bank had granted loans to the amount of 430,500 roubles; by the 1st. of January, 1912, the amount was reduced to 241,200 roubles. We said above that the agency business of the zemstvo banks is not very much developed. The figures we have just reproduced ("Amounts assigned to Agency Business" 197,200 and 153,700 roubles, and "Goods on Order" 661,900 and 852,700 roubles) prove this.

Let us add to the above figures some supplementary information relative to the working of these banks, from which we see that the greater part of the loans granted to popular credit institutions serve to increase their working capital.

Loans granted by the Zemstvo Banks to the Popular Credit Establishments:

	1st. July, 1911		1st. January, 1912	
	Number	Amount in roubles	Number	Amount in roubles
For Increase of Working Capital	—	7,543,500	—	10,364,800
For Formation of Initial Capital	415	570,500	506	755,600
Loans Matured but not Collected	2,519	172,700	5,303	543,900

With respect to the figures on the balance sheet of July 1st., 1911, we must, however, observe that we have no data for the following banks:

The Government Bank of Jekaterinoslaw

"	"	"	"	Ufa
"	District	"	"	Kichinev
"	"	"	"	Veliko-Usting
"	"	"	"	Backmut
"	"	"	"	Novomoskovsk
"	"	"	"	Kaluga
"	"	"	"	Zenkov
"	"	"	"	Kamychin
"	"	"	"	Jépiphon
"	"	"	"	Birsk
"	"	"	"	Oster
"	"	"	"	Sosnitza

In order to fill the void we have consulted the statistics of previous years.

For 1912 we have the balance sheets of all but three banks: those of Krasnooufinsk, Jekatarinburg, and Kaluga. We have their balance sheets for previous years.

To complete the above table we append to our article the balance sheets of 68 banks for July 1st., 1911, published by the "Committee of Rural Savings and Credit Associations and Co-operative Manufacturing Associations" of the Moscow Society of Agriculture. For the financial situation of the various banks on January 1st., 1912, we have only the totals we reproduce below:

					Roubles
					—
4	banks	had	total	credits and debits exceeding	1,000,000
6	"	"	"	of from 500,000 to	1,000,000
42	"	"	"	" 100,000 to	500,000
16	"	"	"	" 50,000 to	100,000
35	"	"	"	" 10,000 to	50,000
2	"	"	"	" 5,000 to	10,000

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The largest amount is that of the Government Bank of Bessarabia (founded June, 1908). It was 4,719,800 roubles. The smallest is that of the district bank of Tsarskoie-Selo of the Government of S. Petersburg (founded December, 1909), 5,100 roubles.

§ 5. *Resolutions and Proposals.*

Before terminating our study, we shall here give a short account of the proposals and resolutions with regard to the future development of the Zemstvo banks, at the Moscow Conferences of which we spoke above and at the first general meeting of the Russian Co-operative Societies held at St. Petersburg from the 11th./24th. to the 16th./29th. March, 1912.

That the Zemstvo banks should cease to grant credit to private individuals was proposed and considered as one of the most important reforms to be made. The special zemstvo section of the said meeting even passed a formal resolution to this effect. The grant of credit to private persons

was considered as coming within the province of the small local co-operative societies, which are, by their intimate relations with the population, in a better position to perform the work. It was also thought that the development of the co-operative societies must be hindered by the zemstvo banks granting credit to private persons.

The meeting at St. Petersburg also unanimously passed proposals for the introduction of certain amendments in the Imperial Order of 7th./20th. June, 1904 and in the regulations of 14th./27th. June, 1906.

These amendments consist in the suppression of all passages relating to credit to private persons: in rehandling the paragraphs relating to the terms fixed for the loans and the amount of liability of the banks, extending the rights of the banks; in giving the banks the right of discounting bills of exchange passed by co-operative societies and paying the same.

Desire was further expressed that the banks should occupy themselves more than formerly with co-operative instruction, should extend co-operative ideas among the people, should stimulate private enterprise, institute offices of technical advisers of various kinds, lend their assistance to co-operative associations with a view to encouraging their union and, finally, organize co-operative conferences.

Proposals were also adopted for the separation of the field of action of the government zemstvos from that of the district zemstvos, in order that the government banks might be organized as central banks for the district banks and might open credits for the co-operative societies only in provinces where there are as yet no district banks.

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PART II.

INSURANCE.

INSURANCE

FRANCE.

CURRENT QUESTIONS.

The Development and Organisation of Mutual Aid Societies in France.

Sources :

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§ 1. Present Importance of Mutual Aid Societies.

Mutuality has long since taken root in the country districts of France. Thus, in the department of Côte-d'Or (1), we find that in 1719, 51 vine-growers of Nolay and of four neighbouring villages formed a confraternity. They undertook, in case one of them fell ill, from St. Martin in Winter to St. Martin in Summer (11th. Nov. to 4th. July), to prepare and work for him up to 30 "*ouvrées*" (*the ouvrée* is 4 ares 28 centiares) of vineyard. Each member of the confraternity on entering, deposited 3 or 5 *livres* according to his being the son of a vine-grower or not. If one of the members fell ill and could not cultivate his vineyard, he was paid 2 *sols* 6 *deniers*, by each member of the confraternity on the sixth day of his illness ; and the same amount on the twelfth and on the eighteenth.

Similar societies were formed during the XVIIIth and XIXth centuries in the principal villages of Côte-d'Or. After the decree of the 26th. March, 1852 upon Mutual Aid Societies they were transformed into Mutual Societies. They have since largely profited by the law of 1898 upon the same subject, and, in 1905, Côte-d'Or had 258 societies. Of this total,

(1) We derive our information on this Department from MM. GERMAIN MARTIN and PAUL MARTINOT: *La Côte d'Or*. 1 vol. 8vo. Paris, Arthur Rousseau, 1909.

38 societies were for teachers, retired sailors and soldiers. Besides these, there were societies of vine-growers, with 2,000 honorary members ; 7,800 men ; 380 women and some children, above all in the canton of Nuits.

It is necessary however that mutuality should extend to all the *départments*. While there are 36,241 communes in the whole of France the number possessing mutual aid societies is now 8,800. In more than 400 cantons no mutual aid society as yet exists. The *départments* where the proportion of communes with mutual societies is highest are Ain (70 %), Eastern-Pyrenees (62 %), Rhône (61 %) and Seine (94 %), while those with the lowest proportion are Cantal (3 %), Corrèze (4 %), Corsica (5 %), Côtes-du-Nord (5 %) and Lozère (5 %).

The organic law of the 1st. April, 1898 distinguishes three kinds of societies : free societies ; approved societies and societies recognized of public utility. But, as there is no difference between the latter and the approved societies except with regard to what real estate they may possess and acquire, sell and exchange under conditions determined by the decree declaring the public utility, we shall limit ourselves to describing only the free and approved societies.

Both kinds of societies have features in common :

1st. They must undertake " to attain one or several of the following objects : to assure aid to their members and their families in cases of sickness, injury or infirmity ; to constitute old-age pensions for them, to obtain on their behalf individual or collective life annuities or life, or accident insurance policies ; to provide for funeral expenses and allow aid to relations in the ascending line, to widowers, widows or orphans of deceased active members." (Art. 1st. of the law).

2nd. They are required to " guarantee to all their active members, the same advantages without other distinction than that consequent on their contributions and the risks undertaken." (Art. 2).

3rd. The administrators and directors must be voted for by ballot, and chosen from amongst the active or honorary members of the Society. They must be French, of age, and in possession of their civil and civic rights. It does not matter to which sex they belong, but married women, must have the express or tacit authorisation of their husbands (Art. 3).

4th. The rules of the society must contain certain clauses mentioned in article 5 of the law. They shall determine: (1) the locality of the society's head quarters (in French territory) ; (2) the manner and conditions of admission and exclusion, for both active and honorary members: (3) the composition of the Bureau and the Administrative Council, the mode of election of their members, the nature and the duration of their office, the conditions of voting at the general meeting and of the right of members to be represented ; (4) the obligations and the advantages of the active members ;

(5) the amount and the use to be made of the contributions of the honorary, and the active members, the manner of investment or withdrawal of capital; (6) the conditions for voluntary dissolution of the society; (7) the bases of liquidation in case of dissolution; (8) the manner of keeping the documents of interest to the society (in case of a society constituting old-age pensions); (9) the form of constitution of the pensions for which no fixed engagement has been taken; (10) (in the same case of societies constituting pensions) the organisation of guaranteed pensions and especially the establishment of the premiums and the age at which they become due; (11) the deductions to be made from the contributions for the special pension service, when, in conformity with the preceding clause, a portion of the contributions of the honorary or active members has to be used for the constitution of the guaranteed pensions, whether by means of a common fund or of books opened in the names of individual members.

Such are the common features of the free and approved societies. On the other hand, the societies differ as to their foundation, their advantages and their obligations.

Foundation of the Societies.

Free Societies

1st must, deposit at the prefecture or sub-prefecture two copies (a) of their rules: (b) of the list of names and addresses of all persons who, under whatsoever title, shall be charged with the administration or the management.

2nd. After one month, without other notice, the society can begin business.

Approved Societies

Must deposit, at the same place, similar documents, and, further, make request, in writing on unstamped paper to the Minister of Labour.

The approbation must take place within three months.

Advantages of the Societies.

Free Societies

Have right to hire on lease or to acquire the property necessary for their business, to receive contributions,

to administer their estates,

to receive gifts and legacies of property with the authorisation of the prefect.

Approved Societies

Have the same rights, but greater power to possess and acquire property up to an amount equal to three fourths of their credit; to sell and exchange it.

Right to deposit in the Deposit and Consignment Bank, in current account disposable and as inalienable capital at 4 1/2 %.

Exemption from stamp duties and registration fees.

State subventions.

*Obligations of the Societies.**Free Societies*

Have to send, during the first three months of each year, to the Minister of the Interior, by means of the prefect, statistics of their work, the number and the nature of the cases of sickness of members. (The law of the 30th Nov., 1892 establishes to what degree the nature of the illnesses must be reported; practically, it is not insisted on).

Approved Societies

Have to send the same statistics; Statement of the financial situation.

Have to forward their books, registers, minutes and ledgers to the prefect, sub-prefect or delegates, in the town, when required.

Must deposit their funds in excess of their current capital in the Savings Bank or the Deposit and Consignment Bank or invest it in Government or Government guaranteed stock.

These distinctions being established, let us mention that, the approved and free societies have together 3,650,000 members and may be divided according to their principal intention as follows: 27 % for aid in sickness, 37 % for aid in sickness and pension, 19 % pension and 17 % aid in case of death or invalidity. The approved societies have alone 3,250,000 members; 23 % of them are for aid in sickness; 40 % for aid in sickness and pension, 20 % for pension, 17 % for aid in case of death or invalidity. For the free societies, which have 400,000 members, the proportions are given as follows: aid in sickness, 56 %; aid in sickness and pension, 13 %; pension, 13 %; aid in case of death or invalidity, 18 %.

The amount of the annual receipts of the approved societies is 85 millions and is derived from the following sources: members' contributions, 55 %; subventions and bounties, 23 %; revenue from investments, 22 %.

The societies employ these amounts in the following manner: for aid in sickness, 32 %; aid in case of death, 4.5 %; invalidity, 1 %; life-annuities, 18 %; increase of pension capital and reserve fund, 40 %; management and miscellaneous expenses, 4.5 %.

The receipts of the free societies increase yearly by 12½ millions. The members' contributions constitute 65 %; the bounties, 20 %; revenue from investments, 15 %. These amounts are employed as follows: for aid in sickness, 32 %; aid in case of death, 9 %; invalidity, 1.5 %; life-annuities, 14 %; increase of pension capital and reserve, 39 %; management and miscellaneous expenses, 4.5 %.

If one compares the proportion of the subventions and legacies per franc of members' contributions, it will be seen that, in the approved societies, these subventions are equal to 0.43 fr., whereas they are only equal to 0.30 frs. in the free societies.

§ 2. *The Various Uses of Mutuality.*

Analogies and Differences. — Now that we know the different objects to which mutuality is applicable, it is advisable to study the economic forms, thanks to which, this institution is able to make headway. We shall examine successively, sickness insurance in the societies for adults and in those for scholars, insurance of old-age pensions, life and maternity insurance.

It being possible to assimilate maternity insurance and sickness insurance, we shall mention, first of all, that the three kinds of risks undertaken by the Mutual Aid Societies differ in character and, in consequence, in their application :

Life-annuities insure against poverty in old age ; this is insurance against risk maturing at some distant date. The premiums paid by the members to insure against this risk will all accumulate during numerous years ; and, if the premium, to cover this risk, is exactly calculated, that is to say so as to permit of the promised pension being paid to each survivor, the Society will be able to meet all its engagements, but only upon the condition of reserving the interest on the premiums for the pensions, without deducting anything for current expenses.

It is otherwise with sickness insurance : this form insures against an actual and permanent risk. It would seem therefore that the premiums for sickness must cover the risks for the current year, like the premiums paid to fire insurance companies, and that each account must be closed at the same time as the receipts and the expenses for the year to which it belongs. It might be so indeed ; but it must be mentioned that the risks of sickness are not the same at all ages. From the 16th. to the 40th. or 45th. year sickness is less frequent, of shorter duration, in general, and in every respect less costly than at a more advanced age. If therefore it is desired that the receipts and expenses balance each year, the older members would have to pay a higher premium than the younger ones, and higher still as they age. This is a system which has had and which perhaps still has its adherents.

The system of invariable premiums is however much preferred. If the premium for sickness is invariable and calculated to pay the expenses anticipated at every age, the member will pay more than he ought in his earlier years, so as to have less to pay in his more advanced age. While he is young and healthy, in full possession of all his powers of work and production, a slightly higher premium will still be light ; but once old, he could no longer, without great privation, pay the premium which might then be demanded of him. Often he would not be able to pay and would run the risk

of having his policy cancelled, exactly at a time when he most needed the benefits of the Society.

The system with variable premiums is moreover too complicated. The applicant from whom a fixed premium is demanded, 1 franc each month for example, sees at once what he has to do, and, without any difficulty in making calculations, knows what he has to do for the rest of his life; he will have to pay 1 franc per month. Show him, on the contrary, a table of annually increasing premiums, increasing very rapidly towards the end, of which he understands nothing, and, very often, he will turn his back, and you will see him no more.

Sickness Insurance is thus of mixed character: during the youth and mature age of the members, only a part of the premiums will be spent in furnishing the promised aid to the sick; the remainder will be placed in reserve and capitalized, as the premiums for pensions are entirely, in order later on to pay the increased expenses of more advanced years. Life insurance is likewise of mixed character, and the risks are similar to those of sickness in every respect, one only excepted: the risk of death is universal, and death happens only once. This difference is to be considered in the calculation of the premiums.

These considerations will permit us to understand the legitimacy of the term *entrance due*. (*droit d'entrée*):

All Mutual Aid Societies admit members above 16 years of age and not over a certain higher age, generally fixed at 45 years.

Let us consider a candidate of 30 years who presents himself for membership:

The members who were admitted at 16 and who are now 30 years of age have a share in the *capital* of the society, and in each category of relief a share which is the product of economies effected on the principal and interest, of their premiums. The candidate 30 years of age should therefore pay an *entrance due* equal to the amount of these shares. Having paid this entrance due, in the future he will have the same rights as the other members of his age, through having paid the same amount as they into the common capital.

Unhappily, in practice, really compensating entrance dues would, in general, reach such a high figure that it would be impossible for the poorer members to pay them. Thus, let us take the example of a society admitting members between the ages of 16 and 50 years and which accords them:

1st. life-annuities of 200 frs. for men and 150 frs. for women, maturing: at the age of 60 years for members admitted before their 40th. year, and, for those admitted at a more advanced age, after 20 years of effective membership in the society;

2nd. a grant of 100 frs. in case of death.

3rd. relief in cases of sickness.

The premium of the members of this society is 27 frs. for men, 15 frs. for women, and 6 frs. for children.

Taking these figures into account, the premiums will be divided amongst the three classes of insurance according to the following tables :

TABLE I. — *Men pensioned at 60 years.*

		Frs.
Premiums	for pensions	11.75
	for sickness	9.70
	for life insurance	1.15
	for administration expenses	4.40
Total . . .		27.00

TABLE II. — *Women pensioned at 60 years.*

		Frs.
Premiums	for pensions	8.80
	for sickness	0.65
	for life insurance	1.15
	for administration expenses	4.40
Total . . .		15.00

TABLE III. — *Men pensioned at 65 years.*

		Frs.
Premiums	for pensions	6.80
	for sickness	14.65
	for life insurance	1.15
	for administration expenses	4.40
Total . . .		27.00

TABLE IV. — *Women pensioned at 65 years.*

		Frs.
Premiums	for pensions	5.10
	for sickness	4.35
	for life insurance	1.15
	for administration expenses	4.40
Total . . .		15.00

Thus, a candidate 39 years of age should pay on entering :

	Frs.
For pension	509
For sickness	58
For life insurance	21
<hr/>	
In all	588

In reality, a candidate of this age only pays a supplementary premium of 3 frs. per annum, which is equal, in 39 years, to a sum of 37 frs. paid at one time, and an entrance fee, properly so called, of 9 frs.; in all 46 frs. only. If the whole (of the 46 frs.) were placed for him in the pension fund only, 460 frs., in round figures, would still be required before the new member had paid the share for which the society becomes liable from the date of his admission, to pay the life-annuity at maturity ; and therefore, each time a candidate of 39 years is admitted, a sum of 460 frs. is added to the liability for pensions, a sum of 540 frs. is added to the general liability as well as a sum which becomes capitalized at compound interest, as the share itself would have done had it been paid.

The conclusions arrived at are as follows :

When the Mutual Aid Societies cannot establish sufficiently high entrance dues, they must :

1st. Prevent, as far as possible, persons who have considerably passed the age of admission, from becoming members ;

2nd. Devote their principal efforts to sickness and life insurance.

1st. *Sickness insurance*. — Sickness-insurance constitutes besides, in fact, the most important item of expenditure of French mutuality, since, altogether, the free and approved societies set apart for it 28 millions per annum ; also, a Mutual Aid Society is chiefly a society the object of which is to give relief in case of sickness.

Mutual Aid Societies for a considerable period only had male members. This abstention of females was not absolutely voluntary. Without doubt it partly arose from the natural reserve of the female sex, in part also from the fact that, when a woman does not exercise a real profession, the financial consequences of her sickness are less apparent, as she is not immediately placed in want by the suppression of her salary. But there was above all, a deep-rooted prejudice, to boot, that a woman in a Mutual Aid Society was a cause of ruin.

In reality, if one consults the statistics published in 1902 by the Ministry of the Interior, it will be found that the average of the total expenses for sickness reaches :

In the approved societies :

For each member : male, 15 fr. 35 : female, 16 fr. 91.

In the free societies :

For each member : male, 17 fr. 48 : female, 15 fr. 76.

If a general average be taken of the approved and the free societies, the balance would be almost equal between male and female members.

A more attentive observation of the facts must therefore tend to increase the *mixed* Societies, providing for men, women and children. This is however, still not the ideal. Mutuality, said the illustrious economist Emile Cheysson, " has had a regard for women and children, — for which it must be praised — and it has found a place for them in its ranks ; but it treats them in the condition of isolated individuals, taken by themselves, and not as the parts of that harmonious whole, which the family really is,

. . . . I do not like these societies where the woman appears in her own individuality, seeks to mix in agitations and intrigues inherent to their life, takes part in the often very lively discussions on the rules, accounts and elections, and does everything very sincerely and very loyally in opposition to her husband's views. All this leads to no good and can only weaken the family, the cohesion of which is one of the most solid foundations of the country. I ask therefore that the father enter the society with his whole family ; that he take the responsibility of it in his own name which is the safest title for payment of the premiums proportionate to the charges to which he exposes the Society." (1) Setting an example, the regretted Maître had founded a family mutual society in the small town of Chiroubles (Rhône), where he passed his holidays every summer. It is needless to add that he has found imitators.

There are two kinds of aid allowed by Mutual Aid Societies: free medical attendance and medicines, or an allowance in money paid daily, the object of which is to compensate, in part, the injury caused to the workman and his family by the forced cessation of his work.

The first has some very warm supporters. They rely on the fact that the workman will not take precautions in time, or will not take sufficient care of himself if he has not free recourse to the doctor and the chemist.

But it has numerous inconveniences. From a moral point of view, it supposes that the workman is a kind of incapable, who cannot take care of himself when necessary. From a practical point of view, to carry out

(1) The legitimacy of such a clause is proclaimed in the model rules prepared by the National Mutuality League, which the Minister of Labour has authorized by his seal. This is how art. 31 expresses itself on the point: " Every active member who desires to have a right to medical attendance and medicines for his wife and his children whose ages are less than years, shall pay, for this purpose, a supplementary premium equal to for his wife ; . . . for each of his three elder children ; for each of his other children."

this system, requires a doctor who is very devoted to the society and animated by the most philanthropic sentiments.

Or else, in practice, the doctor is paid so much per member, or so much for each visit.

If he is paid so much per member, it often appears disadvantageous to him. The amount varies between 2 and 7 frs., and when a society establishes itself under strong protection in a place where there is only one doctor, the poor fellow is obliged to be at the back and call of its members, or to quit the place. If necessary, when the society has united a large number of workmen of the place, a new doctor is induced to come in search of a practice, and in this way the society forces the other to retire. In such a case, the doctor, seeing himself alone against the whole population, accepts the conditions forced upon him ; but it cannot be hoped that he will give the best of his abilities to attendance on the sick members. Paid the same price, whether he has patients or not, whether the visits are at the patient's houses or in his, he will act so as to inconvenience himself as little as possible, and the members may suffer thereby ; they will complain and in the end throw all the responsibility of such a condition of things upon the society.

That they will not be able to choose their doctor is sometimes the reason why persons refuse to become members of a Mutual Aid Society. They believe, rightly or wrongly, that a doctor of the society will take less care of them than a doctor chosen and paid by themselves.

To remedy this evil, one of the two following means is employed : either an arrangement is made with several doctors amongst which the member is free to choose ; — or a tariff for visits is fixed in the rules of from 1.50 fr. to 3 frs., for example ; the sick member can then consult the doctor he likes, but he pays out of his own pocket all fees in excess of 1.50 frs. to 3 frs.

When the doctor is paid per visit, the inconveniences are not diminished. As the members, by virtue of the gratuity principle, have a tendency to abuse their rights to visits and consultations, there would, be a kind of underhand coalition between the doctor and the active members, against the interest of the society.

Finally, a consequence of another sort might result from the system of free attendance and medicines. In the localities where there is only one doctor, the Mutual Aid Society could, in a way, boycott him, but, where there were several doctors, they themselves could boycott the Society and force it to agree to their terms. A good number of them, under the instigation of their syndicates, could, in fact, refuse to pass or to renew conventions reducing their tariff ; or, like the doctors of the XIIIth., XIVth. and XVth. districts of Paris, issue a declaration that the signers,

"Considering : 1st. That the member must, when he is ill, have the same rights as an ordinary client, and that it is indispensable for him to choose his doctor quite independently ;

"2nd. That the tariffs per member or likewise per visit, now in force in most of the societies, constitute, by their insufficiency, an offence to the dignity of the medical profession, as well as injure the interests of the patients, whose health is consequently insufficiently guaranteed ;

"Declare themselves not responsible for a state of things injurious to members and doctors alike,

"And advise the members to themselves demand at the general meetings the free choice of their doctors without restriction."

The doctors' syndicate constituted in the city of Toulouse placed three of their fellow-doctors on the index, who did not wish to adhere to the campaign taken up by the syndicate against the *Fédération of Mutual Aid Societies* of the city in favour of the increase of fees and the liberty of choice of doctor ; this action of placing the three doctors on the index, decided on by the one hundred and sixty adherents of the Syndicate entailed grave consequences, when according to the terms of the Syndicate itself : "The doctor, whose name is placed on the index, is considered as if not exercising the profession of medicine. All professional collaboration with him is prohibited. All members of the syndicate who have professional relations with him are liable to a fine of from 20 to 100 frs. and in case of a second offence the fine is doubled"

One of the doctors placed on the index took action against the president and the secretary of the syndicate, claiming 100,000 frs. as damages, before the Civil Court of Toulouse. He lost the case (1) "as" said the Court, "the defendants had, in the matter, no other concern or pre-occupation than to prevent, by a useful, necessary and legitimate measure, such as placing the dissentients on the index, defection arising in the ranks of the doctors and compromising the moral authority of the syndicates, guardians of the professional rules"

We may add that almost similar inconveniences may be forthcoming on the part of chemists, when free medicines are allowed to the patients. The active members abuse their rights to drugs and take no care of them whatever. The chemist finds profit therein, because he is sure to be paid by the society, but the same cannot be said for the society. At other times, the chemist on the contrary, pretends to be offended by the favourable conditions asked from him, and more than this, we find here also a regrettable hostility and distressing complaints.

The adoption of the *daily sick-pay system* is more rational and is less liable to abuse. The society pays the sick member the sum stated in the rules

(1) See *Mouvement Social*, August, 1910, p. 189.

and the member sees to the paying of his doctor and chemist. The administration is also greatly simplified, and the sick-pay is taken to the patient by the visitor. It is sufficient to find *one* doctor whom the society will pay reasonably for the visit of inspection at the time of the declaration of the sickness, and who, very often, will become the doctor of the patient. In this way it is also an advertisement for the doctor, which incites him in all circumstances to embrace the interests of the society. A second visit may be made under the same conditions, in case the member wishes to defraud the society, by prolonging without reason a condition of cessation of work which the sickness no longer justifies.

This is also a more moral system. It makes the member conscious of his responsibility, since it is in his interest not to have recourse to the doctor and chemist, except when in need : it is he who pays, he cannot therefore come to the following conclusion : " As there is nothing to pay, let us profit as much as possible by it." He also reckons the medicines at their proper value and does not waste them. Finally, the system of the daily sick-pay appears more familiar ; the pay serves in the first place to relieve the patient, but it also renders the suspension of the daily gain of the head less keenly felt by the whole family.

2nd. *Sickness-insurance and old-age-insurance by means of school mutuality.* — The system of daily sick-pay is the only one used by the school mutual societies, of which we shall speak now. These societies, due to the ingenuity of a retired merchant, H. J. C. Cavé, cost the school children 10 centimes per week, and this is the way the founder himself demonstrated, before a teachers' meeting, the very simple mechanism of the scheme which he had created : " You will explain to all, said he, how the 10 centimes contributed each week by the child will be employed. You will tell them that of this premium of 52 times 0.10 fr., that is 5.20 frs. per annum, the half will be set aside to be deposited in a personal pension book, the total of which will be returned to the family in case of the death of the owner, and that, if from the surplus : 2.60 frs. you must pay sick-pay : 0.50 fr. per day the first month and 0.25 fr. the two following months and clear the expenses of administration, according to the general figures furnished by an already long experience, these expenses will not exceed 1.30 fr.; that the surplus, 1.30 fr., will be deposited by the society, in the National Pension Bank, that this deposit will bring with it a State subvention which, under the former law, was 1 fr. per head per member, plus the quarter of the sum paid, in consequence 1.30 fr.; that this subvention will certainly not be less under the new law which seems to be more generous ; that the total of the second part of the contribution will be found to be constituted thus : $1.30 + 1.30 + 2.60 = 5.20$.

" You will also make it understood, besides, that the amount of the premiums kept absolutely intact will increase by : 1st. the premiums

of the honorary members, 2nd. the subventions from the commune and the *department*, 3rd. the interest on the amounts left in the savings banks, 4th. the gifts and legacies also of real estate which may fall to the society. That, finally, in the future, still distant for the children, but nevertheless certain, the old-age pensions assigned to the members will be increased in different ways, in the first place at the time of payment and later at the age of 70 years by means of a credit of 2 million francs voted in 1896 by the Parliament (1)."

In spite of all this system had to offer, success was long in coming. The first school society dates from 1881; in 1895-1896, there were still only ten of these societies.

But, it was precisely the time that the question of the future of the school was being considered, and when M. Edouard Petit was charged by the Minister of Public Instruction with an enquiry into the situation of popular education. From the first he understood how the work of M. Cavé was connected with his own: "the School Mutual Society," said he in his first report, "may serve as the basis for the adult societies. The little members who pay a premium into the hands of the teacher will continue to pay when they have quitted the school. They have a reason to return to the school house. They will either register themselves for the courses, or they will enter the associations of former scholars. Through mutuality, relations are established." In 1897, when charged to make the usual speech at the distribution of prizes after the general competition at the Sorbonne, he made the following eulogy of this humble institution: "Certainly," said he, "the *Petites Cavé*, to give them the familiar name used among the children as a delicate homage to their founder, take their place in economy, and in thrift; but they take their place, and a large one, in benevolence, in compassion. What must we think of these thousands of scholars who, each Monday, pay to the national teachers, besides the little half penny for the savings for their pension, the little half penny of generosity and mutual aid, which will be transformed into "sick days" and divided amongst needy school fellows? Does not the elementary school thus become the school of solidarity?"

From this time the work of M. Cavé commenced to issue from its obscurity. At this period, together with M. Edouard Petit, he went through France, visiting the authorities, interviewing the teachers, conducting quietly but unweariedly, a propaganda at the same time ardent and patient. He won to his cause not only the masters of elementary education, but the professors of the colleges, *lyceums* and universities, so that in 1899 about twenty professors of secondary schools accepted under the

(1) Lecture delivered at Saint Etienne on the 4th. Nov., 1898. See Johannès Merlat: *l'Enseignement populaire dans le Loire*, Saint-Etienne, 1900, pp. 186-187.

Ministries of the Interior and Public Instruction departmental missions in favour of school mutuality, and for several months conducted a regular campaign of lectures in favour of the system. This campaign was so successful that to-day 850,000 members are united in the school mutual societies.

At the commencement, each society was confined to one school only ; but it was not long before it was seen that this field of action was too small, as in certain schools where, the scholars were far too few, the institution could only give insignificant results, practically none at all, as a numerous body of active members is an essential condition of success. Were the small schools therefore condemned to find themselves excluded from the mutual movement ? To include them, the happy idea of more or less extended groups was hit upon : there are societies which take in all the schools of one canton, of the same *arrondissement*, and sometimes even of a whole *département*. (Ardèche, Landes, Haute-Loire, Calvados).

The difference between these different types of societies is purely external. However, the school mutual societies can be arranged in three quite distinct categories :

1st. The school mutual society with the single individual depositor's book. At the end of each year, the amounts not invested, after payment of the daily sick-pay, are paid, except for a reserve fund, in to the account of the individual pension books. The calculation is simple, the work easy. The upholders of the system argue that the child changes residence, leaves the school, the locality, but he knows at the end of each year what is his personal balance.

2nd. A second system places each week, 0.25 fr. to the account of the individual depositor's book (interest at 3.50 fr. % at the National Pension Bank) and pays into the capital of the society (Deposit and Consignment Bank) about 0.025fr., that is 1.30 fr. per annum, balance of the sum assigned to mutual aid, which is increased, according to the law of 1898, by a quarter of the sum paid plus 1 franc per member, the whole bearing an interest of $4\frac{1}{2}$ %. An advantageous system, but it has the inconvenience of letting fall into escheat too great a number of individual depositor's books forgotten by those having rights over them and further, leaves a gap between scholar and adult mutual societies, because the mutual aid societies and pension societies generally deposit their capital with the Deposit Bank (common capital of the society). As they do not arrange for the pension by means of the individual depositor's book, there is difficulty in uniting school mutual societies of this type, which conduct to the pension by two parallel roads: individual depositor's-book and common capital.

3rd. The third system, adopted by the Inter-Ministerial Commission of 1901-1902 remedies this inconvenience : it places the 0.10 fr. contributed

of future and necessary provisions in behalf of aged workmen — will place on the estimates each year as a contribution to the national fund, an amount to enable the mutual aid societies to register their members collectively in the National Thrift Institute. ”

The Congress approved the resolution with the following addition, proposed by the Engineer Mikelli :

“ The Congress further hopes that the assistance in registration with the National Thrift Institute given by the Savings Banks and other bodies be given under the form of loans and advances to the mutual societies on special conditions of favour, so as to provide them with the capital required for collective registration. ”

Prof. Tito Poggi read a report on the *Most Suitable and Most Practical Means for the Registration of Peasants with the National Thrift Institute*, and proposed the following resolution which was carried unanimously desiring :

1st. That the *Itinerant Agricultural Professorships* especially by means of their sections more in contact with the country element, continue and intensify their propaganda in favour of the National Institute also among the landholders in order to induce them to register their labourers directly ;

2nd. That the *Rural Co-operative Banks* of every character, besides encouraging the registration of their members with the National Institute should make such registration compulsory, in their rules, that is, for members belonging to the classes for whom the bank was founded ;

3rd. That the *Agricultural Mutual Societies* do likewise, and that, with the fruitful propaganda recently begun with such success in behalf of mutual ideas, that in favour of the National Thrift Institute be associated ;

4th. That in every new contract of *métairie*, or for the hire of small farms, or contract of wages and for the constitution of *collective farms*, registration with the National Institute be made compulsory.

The Honorable Signor Samoggia and Prof. Galeno also spoke on the subject, expressing their desire that the bill on the compulsory insurance of country labourers against accidents in their work be soon voted by the National Parliament.

The Advocate Adolfo Borra spoke on the “ *Means of Propaganda* ”, and terminated his interesting report with a proposal approved by the assembly after an animated discussion, in which the necessity was affirmed :

1st. Of appealing to the forces of thrift, and popular reciprocity, whether collective or individual, without regard to creed or politics, to intensify by every means and in every field, their propaganda for registration with the National Institute of all who are entitled ;

2nd. That for the purpose of co-ordinating these forces in a common and harmonious action and giving the necessary unity of direction to the means of propaganda, there be constituted among the

various *Patronates*, Committees and Institutions of propaganda represented at this Congress, a National Federation, while it is left to a special Commission to be elected by the Meeting to determine the rules for the work of the Federation itself.

And desire is expressed : (a) that meanwhile, by means of the Federation to be constituted, special commissions for propaganda be formed, if possible in every commune, for the purpose of extending the knowledge of the National Thrift Institute among the labourers, pointing out its object and means, promoting new registrations, keeping in constant touch with the members registered, and thus hindering their too easy lapse from Thrift; (b) that the Management of the National Institute continue to assist for its part, the work of propaganda, placing at its disposal the necessary funds; (c) that, with the promised new legislative provisions or regulations of the National Thrift Institute, suitable rules be laid down for the simplification and abbreviation, as far as possible, of the formalities required for registration, and the facilitation of the collection of contributions, so as to give greater extension and independence to the secondary branches and render the work of the Post Offices active and efficacious; (d) that more school mutual societies be continually formed, so as to induce the new generation to habits of thrift.

Signor Carlo Rugarli dealt with the *School Mutual Societies*, contemplated in the law of July 11th., 1910. After a lively discussion the following resolution was passed :

1st. That all Adults' Mutual Aid Societies constitute scholars' sections so as to attract to their work all the former pupils registered in the school societies in order to keep alive in them the idea of thrift especially with a view to pensions ;

2nd. that the former pupils who have been members of mutual societies, in places where there are no such societies, establish them, with the principal object of continuing the payments prescribed by the law on school mutual societies with a view to old age pensions and for the provision of assistance in case of sickness ;

3rd. that all supplementary schools, secondary, holiday, evening, professional, and the denominational and undenominational *ricreatori* be declared by law to be offices for school mutual societies, so as to facilitate for young people perseverance in habits of thrift acquired in the schools ;

4th. that a practical organisation of payments into the National Thrift Institute render everywhere possible the acquisition of orders on the thrift institute (at tobacconists', lottery banks, railway stations, dispensaries, colleges, industrial establishments, etc.).

The next subject discussed was *How to Provide for the Invalidity and Old Age Insurance of Sea Fishermen*. Prof. Davide Levi Morenos read the report and proposed the following resolution :

1st. That the State contribute, as early as possible, with the necessary funds to the reform and union of the Sick Fund Banks for the Mercantile Marine, but that meanwhile Government make the necessary legislative provisions, many times suggested by technical authorities, to render the registration of sea fishermen with the National Thrift Institute compulsory, keeping in mind the proposals approved at the first National Sea Fishery Congress held at Venice, in October, 1909 ;

2nd. That the registration of sea fishermen with the National Thrift Institute be effected in such manner as not to prevent, after the reform of the Mercantile Marine Sick Fund Banks, the concentration in a single State Old Age Insurance Organisation of all the seamen registered whether they belong to the Mercantile Marine or are sea fishermen.

Thus the last subject on the agenda was reached : *Minimum Pension and Means of Obtaining it*. This was treated by the Engineer Mikelli, who concluded with the proposal :

1st. That there be granted a minimum pension of 120 francs to persons registered with the National Institute, who were over 25 years of age in 1900 ;

2nd. That the National Institute contribute an additional amount of 10 francs, and more in proportion, in favour of those at present registered or who shall be registered in future, who henceforward contribute annually an amount equal to or exceeding 12 frs.

He also induced the Congress to pass a second resolution recommending that in organising life insurance, the Government entrust to the National Thrift Institute the management of the insurance of the people and workmen, holding that this may be a useful means for spreading among the workmen the practice of old age insurance.

(Summarised from "*Credito e Cooperazione*," Rome, N^o. 12, June 15th., 1912 and the "*Bollattino delle Assicurazioni*," Torino, n^o. 13, July 1st.-15th., 1912).

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2. — **Third Working Year of the Tuscan Country Landholders' Mutual Society** (2). — This society, with head quarters at Florence, which was authorised by Royal Decree of February 25th., 1909, insures, as we know, all persons generally engaged in farm work, for whom the law of January 31st., 1904, no. 51, made insurance obligatory, as well as the agricultural labourers, métayers, and farm servants for whom the same was proposed in the Luzzatti Bill, so often referred to (3). We shall here give some particulars of

(1) See in this connection, *Bulletin of Economic and Social Intelligence*, May, 1912, page 49.

(2) *Cassa Mutua dei proprietari di fondi rustici in Toscana*.

(3) See *Bulletin of Economic and Social Intelligence*, 28th. February, 1911, pp. 152 and 162.

the third years' work of the society from March 1st., 1911 to February 29th., 1912 (1).

Members and Farms Insured. — In the third year 118 members and 143 farms were registered, so that on the 29th. of February there were altogether 441 members and 586 farms.

The policies were divided as follows among the various Tuscan provinces :

Florence	312
Sienna	161
Pisa	32
Arezzo	53
Lucca	12
Grosseto	15
Leghorn	1
Total	586

Area and Character of the Land. — From the indications furnished by the policy holders the area of the 586 farms may be divided as follows :

Corn land, vineyards, olive yards	Hectares	61,482
Arable land, lying fallow	»	34,695
Vineyards and special cultivation	»	1,663
Copse wood	»	65,047
Forests	»	20,158
Uncultivated, pasture land	»	33,799
Total	Hectares	216,844

The corn land, vineyards olive yards, and fallow land constitute the part of the land worked by métayers and subdivided into farms of various area, amounting altogether to 8,979 in number.

The most numerous are those composed of a small number of farms, varying from one to five ; then those of a number varying between 6 and 10 ; there are altogether 250. There are 117 large estates consisting of 26 or more farms : which shows that it is an advantage also for them to associate in mutual societies.

It is also interesting to consider the average area of the estates insured. The estates most generally (299) are formed of small farms of

(1) At Piacenza, lately, steps have been taken for the formation of another mutual insurance society against accidents in agricultural labour, to be associated with those already working at Vercelli, Florence, Milan, Turin, Bologna and Cremona.

from 6 to 10 hectares ; there are also a fairly large number (106) composed of smaller farms of from 1 to 5 hectares. The largest farms are found in the provinces of Grosseto and Sienna, where there are estates made up of farms of from 30 to 50 hectares.

Persons Insured. — The society insures all the staff engaged on the farm either permanently or temporarily, the métayers' families, the wood cutters, threshers, masons, and miscellaneous labourers.

With regard to the métayers' families, we have the following data :

Men, from 13 to 65 years of age	31,474
Women	24,886
Men and women over 65 years of age	4,781
Children	23,923
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Total	85,064

To these must be added all the persons temporarily employed in miscellaneous work as above indicated, who are calculated at 10,533, giving a total of 95,597 persons insured.

Insurance Premium. — The premiums vary from 50 frs. to 1.50 frs. per hectare of arable land, vineyard or olive yard, reduced by a partial refund at the end of the year.

The accounts for the year closed February 29th, 1912 allowed of a refund of 30 %. The average premium per insured person fit for labour is 1.25 frs. The net refund of 30 % reduces the premium to 0.59 frs. per hectare and 87 frs. per person.

Legal Liability. — At the general meeting held March 24th, 1911, another resolution was passed inviting the mutual society to make provision also for the legal liability of members. In consequence, on June 27th, 1911, the Board of Management drafted rules for the purpose, which were published by circular of July 20th., 1911. In accordance with these rules, the society undertakes to refund its members any amount they are condemned to pay as legally liable for accidents (1) in excess of that laid down in the law and in the rules of the society. But the amount it may be called on to pay shall not in any case exceed 10,000 frs. per person and 30,000 frs. for any number of persons injured.

(1) By art. 32 of the law of January 31st., 1894, on accidents in work, which treats of the legal liability of those subject to be fined on account of the circumstances through which the accident occurred.

Accidents. — Between March 1st., 1911 and February 29th., 1912, 659 accidents were reported. In the three years of the society's existence 1,292 were reported, classified as follows, according to the class of work.

Woodcutting	316
Falls from carts, Carting . .	124
Falls from trees, Pruning . .	97
Building	142
Work in Cellars	42
Herding Livestock	61
Cutting Forage	53
Falls generally	86
Ploughing, Breaking Ground .	86
Harvesting, Haymaking . .	100
Miscellaneous Farm Work .	46
Threshing	42
Stone Quarrying, Digging . .	13
Oil Pressing, Milling.	15
Carpentry, Painting	17
Managing Staff. Guards . . .	10
Miscellaneous Accidents . .	42
<hr/>	
Total	1,292

In the three working years the largest class of accidents was that caused by woodcutting, an occupation in which insurance is compulsory when the labourers are more than five.

Claims. — Between March 1st., 1911 and February 29th., 1912 the following claims were paid :

Year	Deaths frs.	Permanent Incapacity frs.	Temporary Incapacity frs.	Total frs.
1910-1911 .	1,000	7,204.40	1,777.85	10,082.25
1911-1912 .	13,800	9,846.10	6,077.60	29,723.10
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Total claims	14,800	17,050.50	7,955.45	39,805.95

20,125 frs. must be added as compensation for 130 accidents, not yet paid on the 29th. February, 1912.

The following figures show the number of accidents in relation to their consequences and the compensations paid :

Claims

Death	8
Permanent Incapacity . . .	29
Temporary » . . .	200
Not Compensated	292
Under Consideration	130
Total . . .	659

Finally the *financial report for the Year* ending February 29th., showed total receipts of frs. 107,928 and total expenditure frs. 66,369, with a balance of frs. 41,559.30 % was assigned to the reserve fund and 70 % returned to members. The reserve fund amounted at the above date to about 60,000 frs.

(Summarised from the *Report on the 3rd Working Year of the Mutual Society*, Florence.
G. Ramella, 1912).

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3. — **A Mutual Fire Insurance Society among the Roman Farmers.** — A mutual fire insurance society has been formed in Rome on the initiative of the Roman Agricultural Comizio. Its field of action will be limited to the territory of the commune, but the board of management is empowered to admit as members also farmers from the neighbouring communes.

Its objects are :

- (a) Insurance of real and personal estate of members ;
- (b) Promotion of mutual supervision among members ;
- (c) Encouragement of similar societies in other communes of Latium.

Members must pay an entrance fee of ten francs and must engage to insure their real estate for five years and their personal estate for one year.

They are further bound to denounce frauds attempted by other members to the damage of the society.

The premium rates shall be fixed year by year and for the facilitation of the payment of claims the society shall reinsure a part of its risks.

(Summarised from *Mutualità Agricola*, Rome, no. 11, June 15th., 1912).

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4. — **Extension of the Law on Accidents in Work to Benefit Agricultural Labourers.** — On the Initiative of the Patronato di Assicurazione e Soccorso per gli infortuni del lavoro (*Patronage Society for Insurance against and Assistance in case of Accidents in Work*), an important meeting was held at Milan on the 28th., June, to study the best means for the extension to country labourers of the benefits of the accident insurance law now in force in favour of industrial workmen. The meeting, after an exhaustive discussion, approved a resolution moved by Dr. Spartaco Bassi, in which, after first affirming that this insurance would be only just, that the reasons for its application are strengthened by the progress of social politics, by the industrial tendencies of agriculture, and by the frequency of accidents; that, in the second place, experience has already shown that the pretended difficulties in its application may be overcome by reducing the burden of the equally distributed premiums, the possibility of fraud and the incentive to speculation, to a minimum, and so limiting the insurance as to establish its advantages more easily and more readily; desire was expressed for a special law guaranteeing agricultural labourers reasonable compensation in case of accidents and the "Patronato-Infortuni" was exhorted to intensify its studies and propaganda in behalf of the desired law.

(Summarised from *Cooperazione Italiana*; Milan, n°. 990. July 6th., 1912).

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5. — **Sixth National Thrift Congress.** — This Congress, convoked by the Italian Federation of Mutual Aid Societies, will be held in Rome on the 20th-22nd., September, 1912. Among the subjects on the agenda are the following:

- (a) Work of the Itinerant Thrift Lecturerships (Reporter C. Romussi);
- (b) Legislation in Aid of the Involuntarily Unemployed and the Relative Insurance Institutions (Reporter. Prof. A. Agnelli);
- (c) Relations between the School Mutual Societies and the Mutual Aid Societies (Reporter. Hon. Mario Abbate);
- (d) Advisability of Sickness Reinsurance for the Mutual Aid Societies and Proposals in connection therewith (Reporter, Engineer G. Mikelli);
- (e) Proposed Amendments of the Rules of the Italian Federation of Mutual Aid Societies.

The congress is open to all societies inspired by the fundamental principles of Mutuality and Thrift, without distinction. In due course we shall give a full report of the decisions come to.

(Summarised from *Cooperazione Italiana*, organ of the above Federation. Milan n°. 989, June 29th., 1912).

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PART III.

CREDIT.

CREDIT

GERMANY.

I. CURRENT QUESTIONS.

Mortgage Statistics and the Organisation of Land Credit in the Grand Duchies of Hesse, Baden, and Oldenburg, and in the Duchy of Brunswick.

Sources :

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- Dr. MOR. HECHT**: Die landwirtschaftliche Verschuldung in Baden (*Agricultural Indebtedness in the Grand-Duchy of Baden*) in "Das Grossherzogtum Baden" (*The Grand-Duchy of Baden*). Karlsruhe, 1911.
- Dr. PAUL KOLLMANN**: Das Herzogtum Oldenburg in seiner wirtschaftlichen Entwicklung, während den letzten vierzig Jahre. (*The Grand Duchy of Oldenburg and its Economic Development during the Last Forty Years*). Oldenburg, 1893.

After having studied in some of our preceding articles, the question of the indebtedness of landed property, and that of the organisation of land credit in the various Kingdoms of Germany all that remains for us to do, is to examine only that which the small states of the Confederation offer us which is of interest from this point of view; as it is very evident that a too minute study of all these institutions would lead us too far.

As generally there are only found in these states forms of organisation analogous to those of which we have already spoken, we can apply ourselves to the study of those states which offer most interest, as, for example, the Grand-Duchies of Hesse, Baden, Oldenburg, and the Duchy of Brunswick.

I. — GRAND DUCHY OF HESSE.

§ 1. *State of Mortgage Statistics.*

The Grand-Duchy of Hesse does not possess complete statistics of the indebtedness of landed property. It is true that, from 1884 to 1886, enquiry has been made in this respect in 25 communes, following the example of the Grand-Duchy of Baden, where one was made in 1883. The result of this enquiry showed that only about 2 % of all the landowners possessed more than 25 hectares; 13 % owned from 5 to 25 hectares, and the lands of 85 % of them had an area of less than five hectares. The state of the indebtedness was only valued for landowners, possessing holdings of less than half a hectare in extent. Taking all landowners, without distinction, the indebtedness varied from 5.27 to 47.67 % of the market value of their lands; that of the exclusively agricultural landowners from 2.60 to 41.96 %. As to the indebtedness of the agricultural landowners and day-labourers taken together it varied between 11.40 and 56.15 %. Lastly, that of the agriculturists and manufacturers represented 5.15 to 56.21 % of the selling value. In 4 communes only did the debt on agricultural properties exceed one quarter of the value of the lands, and, in 11 communes, the charges were less than $\frac{1}{8}$ th of the value. According to all evidence, the lands of the exclusively agricultural population were, in general, much less heavily burdened than those of the semi-manufacturing population, and, with regard to the former, the debt increased in inverse ratio to the area of the lands. The mortgage statistics begun in 1862 and renewed in 1885, show that there are great variations in the increase of mortgage indebtedness. Regarding the origin of the mortgages registered in 1889 in the Province of Starkenburg, it is stated that 24.5 % were mortgages made by agreement, 0.6 % resulted from judicial seizures and 74.9 % represented amounts left outstanding on sale prices.

Concerning the Province of Upper-Hesse, the proportions were 15.1 %, 0.8 %, and 84 %. It will be seen that, on the whole, the majority of the debts arose from the fact that the purchaser had not generally sufficient means to completely pay for the estates purchased.

§ 2: *The Hessian Credit Bank (Hessische Landeskreditkasse).*

The organisation of land credit in the Grand-Duchy of Hesse is one of the most original in the whole of Germany. Whilst we have seen, in the majority of the other states, chiefly co-operative institutions or mortgage

banks, the system in Hesse resembles more closely that of the "crédit foncier" of France, maintaining however, its own particular characteristics. The two land credit institutions of Hesse are State institutions. This form of organisation is the more justified for this country, in that in Hesse the property is extraordinarily sub-divided, as we have already seen.

The first land credit institution in Hesse was the Landeskreditkasse. As early as 1826, projects for founding such an institution were submitted to the legislature of the Grand-Duchy, but they only became law on October 15th., 1890. The Landeskreditkasse was, so to speak, an experiment. On the one hand, it was proposed to continue the work of a land improvement bank (Landeskulturrentenbank) founded in 1880, which was incorporated with it, and on the other, to grant loans to the communes and to private agriculturists. The new establishment procured the necessary funds by issuing State bonds. The expenses of administration were partly covered by the profits realised out of the interest, and partly paid from the State funds. The administration of the institute was entrusted to a council of Administration consisting of 3 members and two substitutes. Appeals against the decisions of this council were taken before the Minister of the Interior. As to the bonds that the institution issued, with the authority of the legislature, the creditors could not demand redemption, but the State could demand redemption on giving six months' notice. The loans of the institution were subject to repayment by means of a sinking fund. However, a law of 1896 reduced the sinking fund to $\frac{3}{4}$ % per year. Another law of 1898 decided that the loans should be made in bonds or in cash at the rate quoted on the Stock Exchange, but that the interest paid should be calculated on the basis of the nominal value.

The Legislature granted to the Institution, in the course of years-funds amounting in all to 21,350,000 marks, the application of which, up to 1904, is shown in the following table :

Work of the Hessian Credit Bank from 1891 to 1904.

Year	The following loans were granted						Total
	To Communes and Cooperative Societies	For Re-stripping Lands	To Private Individuals	For local railways	For maintenance of roads	To lay down water-pipes	
1891-92	Marks 179,200	Marks 5,200	Marks 234,400	Marks —	Marks 14,000	Marks 115,000	Marks 547,800
1892-93	35,900	17,500	903,800	—	31,000	50,700	1,038,900
1893-94	132,300	10,300	449,700	—	45,000	45,000	682,300
1894-95	42,700	46,300	584,700	61,600	7,000	35,000	777,300
1895-96	57,140	79,000	393,000	383,220	—	—	912,360
1896-97	58,100	51,800	975,300	598,830	73,700	42,500	1,800,230
1897-98	23,000	60,000	2,062,600	486,850	142,700	136,000	2,911,150
1898-99	49,300	26,300	1,345,500	531,900	110,100	203,500	2,266,600
1899-900	31,200	83,585	1,257,600	657,400	70,800	120,000	2,220,585
1900-901	34,000	41,000	345,939	204,800	—	61,000	686,739
1901-902	72,000	43,500	273,100	102,600	—	74,000	565,200
1902-903	270,600	105,000	443,106	278,500	—	35,000	1,132,206
1903-904	130,000	3,000	23,100	55,000	—	28,000	239,100
1904	70,800	—	—	—	—	—	70,800

In 1902, a law dated August 6th., made new modifications in the Rules of the Bank, and while leaving it all its other attributes, took away from it the power of granting land credit to individuals. The reason of this withdrawal on the part of the State of powers previously granted was the issue of State bonds by the institution. Although it is generally admitted that the State credit could be temporarily used for improvement purposes, on behalf of communes and of private individuals, it did not seem quite just that the credit of the State, that is to say, that of all the tax-payers should be put exclusively or for the most part at the service of the class of agricultural landowners having need of a fixed credit for a long period. It was necessary, then, to discover another solution to procure land credit for the landowners. It was obtained by founding a semi-official bank. From this moment, the Landeskreditkasse which, during more than 10 years, had rendered appreciable service to the land credit in Hesse, limited itself almost entirely to making advances to the communes.

§ 3. *The Mortgage Bank of the Grand Duchy of Hesse.*

Even after abandoning the idea of meeting the need for agricultural land credit by means of the Credit Bank, the idea of a State Institution was still held to.

In the old institution there were three obvious defects :

(1) the absence of local contact between the creditor and debtor ; (2) the want of attention with respect to the variations in the returns from agricultural land, and (3) the danger run by the State in becoming sole mortgage creditor. Another problem that arose at the foundation of a new credit institution, was not to make a useless and dangerous competition with the savings banks, but to use their deposits as much as possible indirectly, for the needs of land credit. The form that seemed to the Government most adapted to the new institution was that of a company with liability limited by shares, the capital of the company having to be subscribed partly by the State itself, and partly by the communes, the corporations and savings banks. In general, the company should only grant loans repayable by means of a sinking fund. Nevertheless, to exert a certain pressure on the savings banks, ordinary loans were allowed to be granted in the districts where the savings banks did not become members of the bank.

The bill became law on July 12th., 1902, and the bank commenced operations on January 17th., 1903. Its aims were fixed in the law in the following way : It must :

(1) encourage and promote land credit, both rural and urban, by granting, especially to small farmers and at a lower rate of interest, small

manufacturers, loans which were repayable by means of a sinking fund and which could not be called up by the creditors ;

(2) To encourage communal credit in the Grand-Duchy of Hesse, by granting loans to the communes, and to the communal corporations

The State, the Province of Upper Hesse, the town of Worms and, the savings bank, shared in the establishment of the bank.

Although a mortgage bank and consequently a private bank subject to the provisions of the Imperial Law on Mortgage Banks, the new institution became a State institution, on the one hand by reason of the financial participation of the State, and, on the other hand, by the nomination of a State commissioner, and by the fact that the employés of the bank were treated as State functionaries. In these measures the Imperial Bank (Reichsbank), which also is apparently a private bank, but, setting aside the capital subscribed by private individuals, is in reality rather a state institution, was imitated in a manner happy enough. As to the Hessian Mortgage Bank, out of the initial share capital of 4,600,000 marks subscribed, 3,949,000 marks were subscribed by private individuals, 502,500 marks by the savings bank and the rest by the communes. There are shares from 500 marks to 100,000 marks which, moreover, can only be disposed of with the consent of the company and that again exclusively to the State, the communes and the savings-banks. In 1904 the capital of the society was raised to 9,000,000 marks. The "lettres de gage" as well as the communal bonds, were recognised as trustee investments. The management is elected by the general meeting. The definite nomination is made by a decree of the Grand-Duke. It is this same decree that gives employees of the bank the position of functionaries of the State. The Council of Supervision is composed of 7 members, of whom three must be representatives of the communes and savings banks. The general meeting is presided over by the representatives of the treasury. For the auditing of the balance sheet, the general meeting elects a special committee of three members.

The bank limits its operations to the Grand Duchy of Hesse. As to the form of the loans the rules declare that two thirds of all the mortgage loans granted must be redeemable by means of a sinking fund. The sinking fund must be at least $\frac{1}{2}$ %. With the consent, however, of the State Commissioner, it may in exceptional cases be reduced to $\frac{1}{4}$ %. The rate of interest must be, as far as possible, lower for loans repayable in this manner than for other loans. The bank which lends, as we have seen, on urban property as well as on agricultural excludes however, building sites, unfinished buildings, theatres, hotels, mills, and all other lands which do not give an assured return.

The loans are made on the strength of official valuations made, in general, by two different authorities. The Council of Supervision names like-

wise a committee of three persons who assist in deciding upon the loans to be granted. This committee must, if possible, contain an expert in building and an agriculturist.

It contains besides two substitutes, and must be heard in all cases relating to loans of more than 10,000 marks.

The "lettres de gages" and communal bonds of the bank can be redeemed, according to circumstances by lot, by re-purchase and by calling up.

The dividends that the bank is authorised to pay to its shareholders can not exceed 4 % of the paid-up share capital. The net surplus is distributed in the form of dividends between members of the management and the employees. It likewise serves to form a pension fund for the employees as well as another fund the object of which is to guarantee the dividend of 4 % for the following year; lastly, it serves to reduce the rate of interest on the loans. There are three distinct reserve funds — an ordinary reserve fund, an extraordinary reserve fund and a general reserve fund which will be formed after the others have attained a certain level.

What gives a special character to the bank, is that it possesses a certain number of privileges, arising out of its semi-official character. To begin with the bank is exempted from all the State and communal taxes. Then, whenever, lands or estates are judicially awarded to it, possession is taken in the same way as in the case of unpaid taxes. Again, registers drawn up in the management of the bank's business signed and stamped by it, have the character of public documents. In regard to the valuation of a piece of land which is to be mortgaged, all the State and communal employees are obliged to give every information required by the bank. This obligation is limited, in the case of judges and attorneys to giving information regarding the ownership, the charges burdening the lands and other proprietary rights. Lastly in 1903, the State of Hesse has guaranteed by law the payment of interest on the land securities and the communal bonds of the bank.

It is evident that all these guarantees and privileges have helped enormously to make the securities of the bank of Hesse extremely safe, and consequently, very much sought after by all capitalists. Concerning the last measure mentioned, namely the guaranteeing of the securities by the State, this had the effect of assuring to them, throughout the whole Empire, recognition as trustee investments.

The great importance of the bank in relation to agriculture consists, on the one hand, in the fact that its rates of interest, are rather moderate and are considerably less than those which were paid before the founding of the institution, so much so that the sum annually paid by the agriculturist, including in it the sinking fund of $\frac{1}{2}$ % rarely exceeds that which he formerly paid as ordinary interest. The second advantage of the bank

consists in its great decentralisation. The applications for loans are not addressed, as in the greater number of the other banks and co-operative societies, to the institution itself, but to the mayors and local courts of justice, who, at the same time, co-operate in the official estimation of the value of the lands. These valuations are made by the staffs of the mayors and judges on the basis of the registers of the grand-ducal institution for insurance against fire, and by means of other official valuations. Later they are verified and completed on the basis of voluntary sales, of which the results are communicated by the courts of justice to the bank in each case.

The advantage of the decentralisation from the point of view of the small agriculturist in Hesse, is very well worthy of notice. When he wishes to contract a small loan now and again, he does not find it necessary to go to the capital of the Grand-Duchy. The judge or the mayor, who knows him, can more easily estimate the value of his personal guarantee and the guarantee of his real property than the administrators of the bank and outside experts sent to the spot. To this advantage of the greater safety for the bank and the greater facility for the agriculturist to obtain a loan it is necessary to add the economy effected by the local official valuation. If all these circumstances are considered, it may be admitted that the bank of Hesse has been able to offer to the agriculturist, thanks to its system of decentralisation, a great number of the advantages that we have pointed out in a preceding article, as being peculiar to savings-banks, with this difference in favour of the Bank, that it allows its clients a credit repayable by means of a sinking fund, whilst the savings bank must, save in exceptional cases, limit itself to giving a credit that can always be called up. We find very complete and exact information on the management of its business and the results obtained by the bank in the statistical portion of its reports.

Moreover the following table will suffice to give an idea of the mortgage business done by the bank.

The Work of the Hessian Mortgage Bank from 1903 to 1911.

YEARS	Mortgage Loans	Loans to the communes, corporations etc.	Mortgage Loans				Land bonds issued	These land bonds were at the rate of		Share capital
			Charged on rural lands	Rural loans	Charged on urban loans	Urban loans		3 ½ %	4 %	
	In thousands of Marks	In thousands of Marks	Number	In thousands of Marks	Number	In thousands of Marks	In thousands of Marks	In thousands of Marks	In thousands of Marks	In thousands of Marks
1903	9,248	2,904	202	1,327	238	3,306	7,579	7,579	—	4,500
1904	24,684	6,208	892	5,584	727	12,277	20,420	20,420	—	9,000
1905	39,905	10,151	1,499	9,338	1,563	24,835	35,585	35,585	—	9,000
1906	53,838	20,640	2,271	13,820	2,228	38,041	50,669	45,663	5,006	9,000
1907	66,799	27,884	2,808	16,959	2,831	49,007	63,098	46,294	16,804	9,000
1908	77,311	31,197	3,325	20,136	3,404	57,327	73,830	44,914	28,916	9,000
1909	86,938	34,404	3,735	22,643	4,118	64,748	82,891	46,220	36,672	9,000
1910	94,703	37,450	4,367	25,953	4,834	71,812	90,715	46,300	44,415	9,000
1911	103,002	40,672	4,967	29,546	5,528	78,818	100,378	45,207	55,171	9,000

It will be seen from this table that the amount of the mortgage loans of the Bank is higher than that of the communal loans ; and that, in the first category of loans, those guaranteed by urban property are more numerous than those by rural property. Nevertheless, there are still nearly 30 million marks of mortgages registered on agricultural lands. This figure is not very appreciable, if it is considered that the average annual growth of the total debt, rural and urban in the Grand Duchy, during recent years, was about 50,000,000 marks (see Herpel, p. 69), but in order to judge well the value of these loans, it is necessary to see which category of landowner they benefited most and under what circumstances they were contracted.

If we examine, from this point of view, the data of the year 1911, we must note, first of all, that the bank does not make any distinction in the following statistics with regard to the occupation of the borrower. However, when it is stated that of the 9,841,302 mks. of loans granted in 1911 to 1,201 borrowers 2,138,365, were paid to 312 agriculturists, it is seen that loans to agriculturists represent 25 % both of the total number of loans and of the capital borrowed. Actually, the proportion of the sums which go to benefit agriculture is very great, on account of the great number of artisans, tradesmen, workmen, etc, who possess small agricultural lands. In regard to the distribution according to provinces, Rhenish Hesse, where the rate of interest is usually higher than elsewhere, stands first with 520 borrowers and 4,462,000 marks. Then come the province of Starkenburg with 475 loans of a total value of 3,259,000 mks. and Upper Hesse with 206 loans of 2,210,000 mks.

The average of the loans for all the provinces was 8,194.26 marks which, in itself indicates that it is above all the small property which benefits by the advantages offered by this credit institution. The rate of the sinking-fund on the mortgage loans was as follows :

Sinking Fund (percentage)	N° of loans borrowed	Total Capital lent mks
0.50	413	4,147,196.60
0.75	483	3,347,365.90
1.00	223	1,920,940 —
1.25	23	157,100 —
1.50	13	89,820 —
1.75	20	55,120 —
2.00	13	81,760 —
2.25	1	2,700 —
2.50	1	400 —
2.75	2	4,200 —
3.00	1	6,500 —
5.00	3	24,100 —
5.75	1	1,500 —
8.00	1	800 —
10.00	3	1,800 —
Total . . .	1,201	9,841,302.50 Mk.

Although loans not repayable by means of a sinking fund are contemplated in the laws, they have not been taken account of in practice. The preceding table clearly shows that the idea of a sinking fund has become popular in the Grand Duchy, and this has resulted, in the main, from the operations of the Bank, which, it is true, found its best auxiliary, in its early stages, in the low rates of interest prevailing at the time of its foundation.

As to the use to which the capital borrowed by the landowners is put, it is interesting to note the loans which have served to replace others more burdensome. According to the reports, 6,264,306.22 marks were so employed in 1911. The average rate of interest of these old debts was 4.571 %. The difference existing between the two rates permits the borrowers to realise henceforth a saving of 20,108.42 marks on the interest.

The Hessian Mortgage Bank occupies our attention the longer by reason of the special interest offered by its method of organisation and the form adopted for its statistics, which might be made more complete in respect of the detailed data concerning agriculture.

Before concluding it is still necessary to examine the relations between the Bank and the savings banks. One of those who exercised a particular influence at the time of the passing of the Law on the Hessian Bank was Herr Weber-Konradsdorf, who, in his report submitted to the ministry in 1910, exposed the danger that the savings banks would run, if, besides the co-operative societies, a State institution began to compete with them in lending money upon mortgage. He showed that the funds of the banks could very well be used by the institution and proposed that (1) the savings banks should serve as local agencies for the new land-credit institution; (2) that this institution should act according to the system of central banks or clearing houses, as a means of regulating the supply and demand for money amongst the savings-banks. Regarding the first point, the organisation adopted abroad was previously studied, especially that of Hungary where the system of collaboration between the land credit institutions and the savings banks is well developed. But finally it was preferred not to copy the existing models. The rules of the Bank provide that the affiliated banks can receive and examine the applications for loans and receive the interest of the borrowers. Unfortunately, this arrangement, on account of the fact that the savings-banks have not become affiliated, has remained a dead letter and the number of mortgages contracted in this way in 1908 only reached 0.39 % of the total loans granted. If the advantage that the Bank derives from the savings banks is almost illusory, the latter have understood the utility of the Bank as a clearing house and central bank. The business done by this section of the Bank amounted in 1911 to 14,295,093 for money received and 12,094,148 mks for payments.

In view of this advantage which the savings banks derive from the Bank and, considering that they have placed in mortgages three times as much capital (235 million marks in 1908 as against 75 million marks) as the Bank itself and that on conditions less favourable for the landowners and not absolutely in conformity with the principles upon which the investments of savings banks should be made, it must result that the legislature of Hesse will compel the said banks to a closer union with the State institute of land credit.

§ 4. — *The Public Savings bank.*

The savings banks, of which the first was founded in 1826, have become very wide spread in the Grand Duchy of Hesse. Amongst the banks actually in existence may be noted, first of all, the 32 public savings banks, which are subject to the provisions of the Hessian Law of August 8th., 1902, and several other banks which take the form for the most part of companies with limited liability. The development of the banks appears from the following table :

Year	No. of banks	Deposits at the end of the year in thousands of marks
1830	2	203
1840	20	4,109
1850	28	8,524
1860	29	15,180
1870	28	26,078
1880	31	63,302
1890	31	117,590
1900	31	195,944
1903	31	239,201
1906	32	278,539

As to the rate of interest paid to the depositors it has varied in recent years from 4 to 3%, according to the size of the deposits, whilst the interest required from borrowers has varied between 4 ½ & 5%. Regarding the investments of these large sums, the banks had in 1904, invested 76.58% of their funds in mortgages, both urban and rural. Almost all the properties mortgaged were situated in the Grand Duchy itself. The loans granted on mortgage did not generally exceed 60% of the value of the lands. Repayment by sinking fund is only used to reduce this proportion between the debt and the value to 50% that is to say it is adopted solely in the interest of the banks themselves. The following table gives the investments of the banks in 1860, 1874 and 1904.

YEAR	Total investments		In Mortgages etc.	
	mks	%	mks	%
1860	10,157,994	—	6,721,542	6.62
1874	40,219,143	—	31,311,454	7.79
1904	257,721,535	—	197,365,904	7.66

From this table can be seen the increasingly important rôle that the putting out in mortgages played up to 1904. The statements given by Runkel for 16 public savings banks, show that the proportion between easily realisable investments (bills, loans on pledge, personal loans, discount of bills of exchange, etc.) and those not easily realisable (mortgages, loans to the communes) was as follows :

1860	75.2%	25.8 %
1874	81.6%	25.4 %
1900	87.4%	12.6 %
1904	86.7%	13.25 %
1908	86.9%	13.1 %

It appears that there has been a great decrease in the easily realisable investments, proceeding chiefly from the great competition of the co-operative societies, and an increase of the not easily realisable investments. To find the means of transforming the 86.9% into investments, which shall correspond, on the one hand, to the financial requirements of the savings banks, and, on the other, can be used for the needs of a real land credit, both urban and (more particularly) agricultural, is one of the most interesting problems of the hour in regard to land credit, and a happy solution of this problem will greatly benefit the small capitalists and landowners of the Grand Duchy.

II. — GRAND DUCHY OF BADEN.

§ I. *State of Mortgage Statistics.*

To begin with, the Grand Duchy has possessed since 1865 good mortgage statistics, the collection of which was reorganised in 1893. In regard to the statistics of indebtedness, it was formerly less complete than to-day. The first returns were made in 1883, where an enquiry was carried out based on the land registers of 37 communes. It was tried for the

In loans on pledges current account		In loans to the communes		In loans to individuals		In bills		In other ways.	
mks	%	mks	%	mks	%	mks	%	mks	%
80,403	0.8	808,632	8.0	1,444,859	14.2	1,102,558	10.8	—	—
436,058	1.1	1,494,626	3.7	3,494,108	8.7	3,482,897	8.6	—	—
1,702,874	0.66	20,375,048	7.91	—	—	20,789,823	8.06	17,488,427	6.78

first time in 1894, thus setting the example to Brunswick and Prussia, to ascertain not only the indebtedness of the properties, but also the personal indebtedness of the landowners, distinguishing, at the same time, between six different kinds of income. The results of this enquiry and the proportion between the indebtedness and the possessions of the landowners appeared as follows :

Landowners and proportion between the indebtedness and the possessions	Exclusively agricultural Lands	Mixed Lands	Total of the agricultural and semi-agricultural lands
Tax payers	86,489	107,985	194,474
Total possessions	1,109,684,000 M.	995,774,000 M.	2,105,427,000 M.
Debts	195,489,000 »	285,693,000 »	481,182,000 »
Relation between debts and possessions as percentage	17.7 %	28.7 %	22.7 %
With landowners having an income up to . . 1,000 M.	21.7 %	35.8 %	27.2 %
from 1,001 to 1,500 »	18.5 %	29.2 %	22.6 %
» 1,501 » 2,000 »	15.4 %	24.8 %	17.3 %
» 2,001 » 3,000 »	14.1 %	23.6 %	18.8 %
» 3,001 » 5,000 »	13.8 %	24.3 %	20.4 %
above 5,000 »	11.3 %	31.0 %	26.9 %

Finally the later modifications of the mortgage laws and land registers, rendered necessary a new valuation of the indebtedness which was carried out on Jan. 1st, 1893 in all the communes. It appeared from this last return that the land indebtedness (rural and urban) in the Grand Duchy, deduction being made of the mortgage charges in favour of minors, was

2,060 million marks, which corresponds to 33.9% of the total value of the estates of the Grand Duchy (6,074 million mks. according to the last valuation made by the treasury). The number of mortgages registered was 603,099 and, consequently, the average registered debt was 3,415 marks.

No account was taken, in the calculation of indebtedness, of 58 million mks. of debts repaid, but not yet struck off. Classing the debts according to the different occupations, it is found that the agricultural and wooded lands were charged with 614 million mks. (29.8 % of the total land indebtedness). Since the above-mentioned sum of debts repaid but not struck off, chiefly concerns agriculture, it may be estimated that the *agricultural lands of Baden were charged in 1903 with 556 million mks.*

Regarding the division of the 2,000 millions of land indebtedness, rural and urban, between the different creditors, the land registers of Baden inform us that 519 million mks., or 25.2% of these sums, are lent by manufacturers, merchants etc., 505 millions, or 24.5%, by the savings banks; 307 millions, or 14.9% by clerks, persons of independent means, and persons belonging to the liberal professions; 219 millions, or 10.6 %, proceeding from agriculture, forestry and fish culture; 129 millions or 6.3%, from the Church and endowments; 58 millions, or 2.8%, from the State and the communes; 167 millions, or 3.3%, from co-operative societies; 85 millions or 4.1% from the insurance and benefit societies; 167 millions, or 8.1%, from institutions issuing lands bonds, and 4 millions or 0.2% from other creditors.

§ 2. *The Organisation of Land Credit in the Grand Duchy of Baden.*

Although the land statistics of Baden, especially those relating to creditors, do not, perhaps, make sufficient distinction between town and country, they make it clear that the organisation of rural land credit in the Grand Duchy leaves much to be desired. The great majority of mortgage loans are granted by individuals.

As in the majority of the German states where small properties prevail, the savings banks and the endowments here occupy a preponderating position, whilst the real organised land credit represented by institutions issuing land bonds (with 167 millions, or 8.1% of the urban and rural land credit) plays only a mediocre rôle.

Amongst the organised institutions of agricultural land credit, it is necessary to mention first of all the Rhenish Mortgage Bank (Rheinische Hypothekenbank) at Mannheim, and then the Departmental Mortgage Bank (Kreishypothekenbank) at Lörrach and the German Income mortgage Bank (Deutsche Hypotheken-Rentenbank) at Mannheim which were

founded respectively in 1871, 1868 and 1899. The only institution really important for agriculture amongst these three institutions is the Mortgage Bank at Mannheim. But even this bank, which has a capital of 25,500,000mks, only possessed at the end of 1910. 11.7 million marks of agricultural mortgages as compared with 551 million marks of urban mortgages. During recent years it has made efforts to help the small agriculturists, chiefly in accordance with an agreement made with the grand-ducal government, and has successfully placed loans repayable by means of a sinking fund within the reach of the peasantry. If the efforts of the bank have been foiled in certain regions, as Hirtler shows in his recent work on the indebtedness of small agriculturists in the region of Kaiserstuhl, it is (1) because the Bank insists that at least $\frac{2}{3}$ of the estates to be mortgaged should give an assured return, which, in reality, is only rarely the case with small properties, as buildings, forests and vineyards are considered as giving no return and (2) because the agriculturists who only borrow inconsiderable sums, take little account of the local rate of interest, which is perhaps a little higher, and also, because the usual rate is not too high, considering that it rarely exceeds 5 % and is even often $3\frac{1}{2}\%$.

What is of special interest in this institution, the most important land credit institution in the Grand-Duchy, is its work of mortgage reduction, together with life insurance, of which mention was made in the last issue of this Bulletin.

III. — GRAND DUCHY OF OLDENBURG.

§ 1. *Mortgage Statistics.*

Oldenburg, that is to say the Duchy itself, not including the principalities of Birkenfeld and Lubeck, like the Duchy of Brunswick, interests us rather from the point of view of its mortgage statistics than from that of the organisation of its land credit.

With regard to the statistics of land indebtedness in the Duchy of Oldenburg, returns similar to those relating to the Grand Duchy of Baden were compiled in 1894-5. These statistics, which, at the same time give the objects of the loans, relate to 62,769 agricultural tax-payers, (v. Wirminghaus) possessing in all 420,662 hectares of land with a value of 474,281,000 marks, and 133,460,000 marks working capital equivalent to a land value of 9,682 marks per tax payer, and a working capital of 1,477 mks. per hectare. The proportion between the indebtedness and the capital belonging to these agricultural tax-payers appears in the following table.

Taxable persons	N°	Capital M.	Debts M.
Total	62,769	125,672,000	108,482,000
N° of tax payers without capital and without debts	46,540	—	—
Possessing capital	7,234	96,205,000	—
Possessing capital and having debts	2,216	29,467,000	37,780,000
Only having debts	6,785	—	70,702,000

It appears from these figures that the agricultural landowners of the Duchy have an average indebtedness, equal (after deducting capital possessed) to 22.8% of the value of the lands plus the working capital, and (not making this deduction) to 17.9% of the value of the same lands plus the working capital.

§ 2. — *The Organisation of Land Credit in the Grand Duchy of Oldenburg.*

The organisation of land credit in the Grand-Duchy of Oldenburg must be considered as being still rather rudimentary.

From the point of view of land owners, the two *Savings Banks of Oldenburg and of Jever* having invested several millions in mortgages, together with the *Land Credit Institution of the Grand-Duchy of Oldenburg*, are alone of importance. As to this last Institution, which was created by a Law of the 14th. of February, 1883, by desire of the agriculturists of Oldenburg, it is intended, like the Institution of Cassel, to lend capital for the purposes of land credit, and to promote the cultivation of lands; it can procure for itself the means of giving credit by issuing land bonds which the State guarantees. The Institution can only give mortgages on urban or rural lands in the Grand Duchy. Loans granted by the establishment are compulsorily repayable by means of a sinking fund and the rate of interest varies between 3.6 and 4.5%. Although this Institution has rendered valuable services to the agriculturists of the Grand-Duchy — out of 9,385 loans representing the sum of 61,766,000 mks. outstanding in 1911, 6,624, comprising 32,569,000 mks, were granted to agriculture — in spite of this fact, it is to be regretted that the rate of interest, which is too high and is always increasing, does not permit the peasantry in need of capital to avail themselves of the credit of the Institution, which, on its side, finds itself already obliged to reduce as far as possible the number of applications for loans which it receives.

IV. — DUCHY OF BRUNSWICK.

§ 1. *Mortgage Statistics.*

Although of a lesser area than that of the estates previously mentioned, this little Duchy, with its very agricultural nature, presents a good deal which is of interest in regard both to the organisation of its mortgage statistics and to its land credit.

Regarding the mortgage statistics of the Duchy, one must admit that they are amongst the most complete and perfect in Germany, if not in the whole of Europe.

Whilst the said mortgage statistics besides being reorganised in 1897, have existed since 1855, statistics of the indebtedness of the landowners only date from the 1st. of January, 1897. These statistics include all the property urban as well as rural, of Brunswick, with the exception of the towns of Brunswick, Wolfenbüttel, and Holzminden and of two small *communes*. They take account of the extent, nature and value of the lands, the configuration of the land, its height, and also the purposes for which the loans were obtained, and the interest which the landowners must pay to the mortgagees.

Thanks to the reorganised mortgage statistics, these data have been brought up to 1902. When the data obtained in these two epochs are compared, it is found that the total land charges in the mainly rural districts of the Duchy were 281,867,000 mks. in 1897, and 236,439,000 mks. in 1912 which corresponded to 37.0 and 40.1%, or 33.8 and 36.8% of the value of the real estates. The average indebtedness per property, per hectare and per inhabitant is shown in the following table :

Indebtedness per property	7,751 mks.	8,976 mks.
" " hectare	1,401 "	1,622 "
inhabitant . . .	967 "	1,070 "

In other words, the land indebtedness has increased in the Duchy by 44.5 millions in all, or 221 marks per habitant.

The interest paid on these land loans was equal for the whole state in 1897 to 11,275,000 mks. and in 1902 to 13,358,000 mks. which gives :

	In 1897	1902
Interest per property	310 mks.	359 mks.
" " hectare	56 "	65 "
inhabitant . . .	39 "	43 "

With regard to real mortgage debts, deduction being made of the sums remaining due for dismortgaging, life annuities and security, mortgages, they amounted in 1897 to 212 million marks and in 1902 to 255 million marks and were classified according to the creditors in the following fashion :

	Ducal Credit Bank Mks. —	Co-operative Land Credit Society and other Institutions of this kind Mks. —	Other Creditors Mks. —
1897 .	37,131,000	13,948,000	160,377,000
1902 .	49,591,000	18,570,000	186,442,000

Since the loans made by the Ducal Bank alone amount at present to 82 million marks, it may be asserted that the actual rural mortgage indebtedness has to-day reached at least 300 million marks.

§ 2. *The Organisation of Land Credit in the Duchy of Brunswick.*

From these last figures it appears that the most important land credit institutions of the Duchy are the Ducal Credit Bank and a co-operative society of the type of the "Landschaften" and "Ritterschaften." We may add a mortgage bank (the Braunschweig-Hannoversche Hypothekenbank). We find represented in this small country the three most important types of land credit institutions. It is needless here to examine in detail these institutions, which, after the detailed studies which we have made of the State banks, the Landschaften and the Mortgage banks of the other states of the Empire, present no interesting peculiarities. The reader will judge moreover, with the aid of the following table, the part that they take in the mortgage business in the Duchy.

The Land Credit Institutions of the Duchy of Brunswick.

Name of the Credit Institutions	Year	Capital Marks	Reserve Fund Marks	Dividends %	Total of Mortgage Loans Marks	Mortgage Loans guaranteed by rural property Marks	Loans repayable by means of a sinking fund Marks	"Lettres de gage" in circulation			
								Total	at 3 %	at 3 ½ %	at 4 %
A). — Co-operative Societies.											
1. Ritterschaftlicher Credit- verein für das Herzogtum Braunschweig (Co-operat- ive Land Credit Society of the Duchy of Brunswick) at Wolfenbüttel	1900	—	289,394	—	13,048,155	—	—	11,335,000	—	11,335,000	—
	1905	—	357,511	—	13,889,901	—	—	11,777,450	—	11,777,450	—
	1909	—	399,405	—	13,573,701	—	—	11,610,400	—	—	11,610,400
	1911	—	—	—	14,847,616	—	—	12,816,500	—	—	12,816,500
B). — Institutions.											
2. Herzogliche Leihhausanstalt (Ducal Loan Institution) at Brunswick	1900	805,513	—	—	61,991,386	—	—	1,8074,600	3,074,600	10,000,000	5,000,000
	1905	805,513	—	—	61,157,795	—	—	17,562,200	2,936,800	9,740,000	4,885,400
	1909	805,513	—	—	78,242,725	—	—	21,898,200	2,809,400	9,528,800	9,560,000
	1911	805,513	—	—	—	—	—	22,065,400	2,697,300	9,419,100	9,049,000
	1912	—	—	—	82,136,000	—	—	—	—	—	—
C). — Mortgage Banks.											
3. Braunschweig. Hanno- versche Hypothekbank (Mortgage bank of Bruns- wick and Hanover) at Brunswick	1900	—	—	—	14,3332 033	1,497 583	46,622,149	135,772,600	—	99,384,000	36,387,700
	1905	—	—	—	166,795,674	910,487	41,288,638	163,489,200	—	95,167,900	68,321,900
	1909	—	—	—	188,997,474	1,346,662	33,414,121	184,887,100	—	88,102,600	96,784,900
	1911	—	—	—	—	—	—	—	—	—	—

(*) The Ducal Institution does not distinguish between mortgage loans and loans to the communes.
(**) The figures include "lettres de gage" and communal bonds.

(*) The Ducal Institution does not distinguish between mortgage loans and loans to the communes.

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II. — RECENT NEWS.

The New Imperial Statistics of the Bonds (*Schuldverschreibungen*) of the Land Credit Institutes of Germany.

According to: Vierteljahrshefte zur Statistik des Deutschen Reichs. Herausgegeben vom Kaiserlichen Statistischen Amte. 21. Jahrgang 1912. 1. Heft, p. 101. (*Quarterly Statistical Bulletin for the German Empire. Published by the Imperial Bureau of Statistics. 21st Year, 1912, Part I, p. 101.*)

In 1909 and 1910, the Imperial Bureau of Statistics commenced to publish data concerning the bonds circulated by the communes, municipalities, savings banks and societies limited by shares. We have already presented to the reader the principal figures of these statistics in a previous article upon the "Relation between Long Term Investments of Capital in Agriculture and in Manufactures" (1).

To complete these figures upon the circulation and rate of German stocks, the Imperial Bureau is now undertaking, in its first quarterly Bulletin of 1912, a study upon the condition of the bonds circulated by the land credit institutes and in circulation on the 31st. December, 1910. This Bureau has divided the figures, in the statistics, which have been furnished directly or which it has taken from the statements and publications made in the Imperial Gazette (*Reichsanzeiger*), into five subdivisions, according to the character of the institute of issue.

Without considering at what time the financial year of the institutes came to an end, the census was fixed for the 31st. December.

The land bonds of the Zentrallandschaft for the Prussian States (2), are not shown in the tables published. They have been added to those of the different Landschaften for which they were issued.

(1) See *Bulletin of the Bureau of Economic and Social Intelligence*, IIIrd. Year, No. 4, April, 1912.

(2) See the article upon Land Credit Co-operative Societies in Germany, *Bulletin of the Bureau of Economic and Social Intelligence*, September, 1910.

The general results furnished by these very interesting statistics upon the land credit bonds are the following: on the 31st. December, 1910, 95 land credit institutes had a total circulation of 15,818,996,000 marks, that is nearly 16 thousand millions of marks, against 5,684,322,000 marks, invested in the public corporation bonds and 3,964,027,000 marks in the bonds of societies limited by shares, etc.

When the figures of the bonds are divided up amongst the institutes which circulated them, we obtain the following results:

Institutes of Issue	No. of Institutes		Amount of Bonds in Circulation	
	Total	% of the total number of institutes	thousands of marks	percentage of total
1. State Institutes, of Provinces and of Communes .	14	14.7	899,298	5.7
2. Banks for Dismortgaging and Credit Banks for Improvements	17	17.9	476,960	3.0
3. Land Credit Co-operative Societies (<i>Landschaften</i>) . .	24	25.3	3,600,522	22.8
4. Mortgage Banks	38	40.0	10,693,808	67.6
5. Other Institutes	2	2.1	148,408	0.9
Total . . .	95	100.0	15,818,996	100.0

As regards trade in these bonds on the exchanges, it results that, of the 95 institutes which issue bonds of this kind, 91 have obtained admission for them on the German exchanges and that the bonds of three of them are also included in the quotations of 3 foreign exchanges. In fact, at the end of 1910, those of Amsterdam, Antwerp and Geneva had negotiated German land credit bonds for 25.49 and 65 millions of marks.

With regard to the part played in this respect by the German exchanges, the precise amount of bonds of this kind which they have negotiated and the relation they hold one to another with regard to the circulation of these bonds, will be found in the following table:

Exchange	Amount of Bonds Negotiated		Exchange	Amount of Bonds Negotiated	
	thousands of marks	percentage of the total amount of bonds in circulation		thousands of marks	percentage of the total amount of bonds in circulation
Augsburg . . .	3,599,221	23.4	Hanover . . .	315,968	2.1
Berlin	11,080,263	72.1	Königsberg . .	451,425	2.9
Breslau	1,938,654	12.6	Leipzig	2,802,236	18.2
Cologne	1,275,448	8.3	Mannheim . . .	220,041	1.4
Dresden	2,282,294	14.9	Munich , . . .	4,777,449	31.1
Frankfort o. M.	8,150,509	53.1	Stettin	64,093	0.4
Hamburg	2,088,300	13.6	Stuttgart . . .	318,072	2.1

Of this total of nearly 16 thousand millions of marks of bonds, there were only 160 millions personal, and the rest, that is 99 %, were to bearer.

Before ending this résumé, we reproduce another table giving information upon the interest at which these bonds were circulated and the proportion in which the bonds issued at such and such a rate of interest are distributed in the total circulation :

Rate of interest of the bonds	Amount of bonds issued	
	thousands of marks	percentage of the total circulation
2 $\frac{4}{3}$	724	0.004
3	494,034	3.1
3 $\frac{1}{3}$	1,712	0.01
3 $\frac{1}{4}$	58,653	0.4
3 $\frac{2}{3}$	33,047	0.2
3 $\frac{1}{2}$	7,169,544	45.3
3 $\frac{3}{5}$	359	0.002
3 $\frac{2}{3}$	1,024	0.006
3 $\frac{3}{4}$	174,157	1.1
4	7,837,885	49.6
4 $\frac{1}{3}$	0.2	0.0
4 $\frac{1}{2}$	45,411	0.3
5	2,446	0.01
Total . . .	15,818,996	100.0

I. — Total of the bonds in circulation on the 31st.

STATE OR PROVINCE where the Institute of issue has its head quarters	Number of Institutes of Issue on 31st. Dec., 1910	Amount of bonds in circulation on 31st. Dec., 1910 — thousands of marks	Distribution of the number	
			Institutes of the States, provinces and towns	
			(a) number	(b) Amount in 1,000 M.
Prov. East Prussia	3	514,968	—	—
" West Prussia	1	329,839	—	—
City of Berlin	1	3,268,466	—	—
Prov. Brandenburg	—	—	—	—
" Pomerania	3	377,085	—	—
" Posen	2	372,422	—	—
" Silesia	5	1,047,537	—	—
" Saxony	2	208,878	—	—
" Schleswig-Holstein	3	99,887	—	—
" Hanover	5	260,989	1	157,263
" Westphalia	3	95,827	—	—
" Hesse-Nassau	6	1,149,962	2	297,564
Rhine Provinces	2	360,488	—	—
Hohenzollern	1	2,358	—	—
Prussia	48	8,088,706	3	454,827
Bavaria, right bank of Rhine	9	3,032,408	—	—
" left " " "	1	418,609	—	—
Bavaria	10	3,451,017	—	—
Kingdom of Saxony	8	912,963	2	152,020
Wurtemberg	3	318,072	—	—
Baden	1	593,344	—	—
Hesse	2	140,740	1	12,699
Mecklenburg-Schwerin	2	163,706	—	—
Saxe-Weimar	2	116,128	1	32,567
Mecklenburg-Strelitz	1	10,350	—	—
Oldenburg	1	46,752	1	46,752
Brunswick	3	223,324	1	21,721
Saxe-Meiningen	2	599,919	1	69,516
Saxe-Altenburg	1	26,647	1	26,647
Saxe-Coburg-Gotha	3	377,274	1	71,035
Anhalt	1	791	—	—
Schwarzburg-Sondershausen	2	61,841	1	2,800
Schwarzburg-Rudolstadt	1	8,714	1	8,714
Waldeck	—	—	—	—
Reuss-Greiz	1	47,397	—	—
Reuss-Schleiss	1	643	—	—
Schaumburg-Lippe	—	—	—	—
Lippe-Detmold	—	—	—	—
Lubeck	—	—	—	—
Bremen	—	—	—	—
Hamburg	1	518,236	—	—
Alsace-Lorraine	1	180,286	—	—
German Empire	95	15,818,996	14	899,298

December, 1910 and number of institutes issuing them.

of institutes of issue (a) and of amount of bonds issued (b) according to kind of institute:

		Co-operative Institutes (Landschaften)		Mortgage Banks		Other Institutes	
(a) number	(b) Amount in 1,000 M.	(a) number	(b) Amount in 1,000 M.	(a) number	(b) Amount in 1,000 M.	(a) number	(b) Amount in 1,000 M.
I	63,543	I	445,966	I	5,459	—	—
—	—	2	310,794	—	—	I	19,045
I	35,705	4	703,302	6	2,529,459	—	—
—	—	—	—	—	—	—	—
I	105,162	2	271,923	—	—	—	—
—	—	—	—	—	—	—	—
I	21,659	I	350,763	—	—	—	—
2	23,659	2	575,692	I	448,186	—	—
I	29,652	I	179,226	—	—	—	—
I	4,388	2	95,499	—	—	—	—
—	—	3	53,112	I	50,614	—	—
I	13,628	I	82,199	—	—	—	—
I	2,856	—	—	3	849,542	—	—
—	—	—	—	2	360,488	—	—
I	2,358	—	—	—	—	—	—
II	302,610	19	3,068,476	14	4,243,748	I	19,045
2	137,064	—	—	6	2,765,981	I	129,363
—	—	—	—	I	418,609	—	—
2	137,064	—	—	7	3,184,590	I	129,363
I	35,503	2	384,072	3	341,368	—	—
—	—	I	99,683	2	218,389	—	—
—	—	—	—	I	523,344	—	—
—	—	—	—	I	128,047	—	—
—	—	I	36,562	I	129,144	—	—
—	—	—	—	—	—	—	—
—	—	—	—	I	83,561	—	—
—	—	—	—	I	10,350	—	—
—	—	—	—	—	—	—	—
—	—	I	11,729	I	189,874	—	—
—	—	—	—	I	530,403	—	—
—	—	—	—	—	—	—	—
I	409	—	—	—	—	—	—
I	731	—	—	I	305,850	—	—
—	—	—	—	—	—	—	—
—	—	—	—	I	59,041	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
I	643	—	—	I	47,597	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	I	518,296	—	—
—	—	—	—	I	180,286	—	—
17	476,960	24	3,600,522	38	10,693,808	2	148,408

II. — Admission of the bonds on the different

State or Province where the Institute of Issue has its head quarters	Number of Institutes of Issue	Bonds in circulation of the of the German Amount						
		Total	Augsburg	Berlin	Breslau	Cologne	Dresden	Frankfort on M.
East Prussia	3	514,068	—	509,510	—	—	—	—
West "	3	327,449	—	327,449	—	—	—	—
City of Berlin	11	3,268,466	95,800	3,268,466	837,898	914,960	974,304	2,074,014
Brandenburg	—	—	—	—	—	—	—	—
Pomerania	3	377,085	—	377,085	11,252	—	—	—
Posen	2	357,519	—	357,519	350,763	—	—	—
Silesia	5	1,047,537	—	1,047,567	750,358	—	—	—
Saxony	2	208,378	—	208,378	—	—	—	—
Schleswig-Holstein	3	99,887	—	99,887	—	—	—	—
Hanover	5	129,670	—	60,869	—	—	—	—
Westphalia	2	95,827	—	95,827	—	—	—	—
Hesse-Nassau	6	1,069,661	187,515	388,488	—	—	—	1,013,674
Rhine Provinces	2	360,488	—	360,488	—	360,488	57,728	342,408
Hohenzollern	—	—	—	—	—	—	—	—
Prussia	47	7,856,935	283,315	7,101,233	1,930,271	1,275,448	1,032,032	3,430,096
Bavaria, right bank of Rhine	9	3,032,408	2,898,531	761,803	—	—	—	1,746,067
Bavaria, left bank of Rhine	1	418,609	417,375	245,678	—	—	—	409,502
Bavaria	10	3,451,017	3,315,906	1,007,481	—	—	—	2,155,569
Kingdom of Saxony	8	910,297	—	570,713	—	—	897,064	44,052
Wurtemberg	3	318,072	—	—	—	—	—	316,727
Baden	1	523,344	—	175,274	—	—	—	523,344
Hesse	2	140,746	—	128,047	—	—	—	140,746
Mecklenburg-Schwerin	2	165,706	—	129,144	—	—	—	24,987
Saxe-Weimar	2	116,128	—	116,128	—	—	—	14,420
Mecklenburg-Strelitz	1	10,350	—	10,350	—	—	—	—
Oldenburg	1	46,752	—	41,252	—	—	—	—
Brunswick	2	211,595	—	201,614	—	—	—	48,789
Saxe-Meiningen	2	565,368	—	565,368	—	—	305,787	530,403
Saxe-Altenburg	1	26,647	—	26,647	—	—	—	—
Saxe-Coburg-Gotha	3	375,239	—	375,239	—	—	—	287,105
Anhalt	—	—	—	—	—	—	—	—
Schwarzburg-Sonders- hausen	2	61,141	—	61,141	—	—	—	59,045
Schwarzburg-Rudol- stadt	1	5,485	—	5,485	—	—	500	—
Waldeck	1	—	—	—	—	—	—	—
Rhenus-Gréis	1	46,911	—	46,911	8,383	—	46,911	46,911
Rhenus-Schleis	—	—	—	—	—	—	—	—
Schaumburg-Lippe	—	—	—	—	—	—	—	—
Lippe-Detmold	—	—	—	—	—	—	—	—
Lübeck	—	—	—	—	—	—	—	—
Bremen	—	—	—	—	—	—	—	—
Hamburg	1	518,236	—	518,236	—	—	—	518,236
Alsace-Lorraine	1	10,085	—	—	—	—	—	10,085
Germania Empire	91	15,360,054	3,599,321	11,080,263	1,938,654	1,275,448	2,282,294	8,150,999

exchanges on the 31st. December, 1910.

31st. December, 1910, admitted on the exchanges									
Empire								in foreign countries	
in 100 Marks								Number of institutes of issue	amount in 100 marks
Hamburg	Hanover	Koenigsberg	Leipzig	Mannheim	Munich	Stettin	Stuttgart		
—	—	451,425	—	—	—	—	—	—	—
914,960	—	—	914,960	—	750,428	—	—	2	90,087
1,780	—	—	—	—	—	64,093	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,742	—	—	—	—	—	—	—	—	—
—	79,056	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
111,556	—	—	122,946	—	215,728	—	—	—	—
—	—	—	85,462	—	17,287	—	—	1	48,871
1,030,038	79,056	451,425	1,123,368	—	983,443	64,093	—	3	138,958
—	—	—	—	—	2,997,076	—	—	—	—
—	—	—	—	—	418,609	—	—	—	—
—	—	—	—	—	3,415,685	—	—	—	—
132,118	—	—	818,380	—	—	—	—	—	—
—	—	—	—	220,041	—	—	318,072	—	—
—	—	—	64,313	—	—	—	—	—	—
117,022	—	—	—	—	110,034	—	—	—	—
—	—	—	18,396	—	—	—	—	—	—
29,489	25,317	—	—	—	—	—	—	—	—
15,720	211,395	—	—	—	—	—	—	—	—
—	—	—	486,997	—	177,419	—	—	—	—
—	—	—	26,647	—	—	—	—	—	—
237,294	—	—	237,294	—	50,868	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	5,485	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
8,385	—	—	21,356	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
518,256	—	—	—	—	40,000	—	—	—	—
2,068,500	315,968	451,425	2,802,236	220,041	4,777,449	64,093	318,072	3	138,958

III. — Rate of interest

State or Province where the Institute of Issue has its Head quarters	Bonds in circulation					
	Issued					
	to bearer	in the name of a bank, etc.	2 1/4 %	3 %	3 1/2 %	4 %
	in					
East Prussia	509,510	5,458	—	18,174	—	—
West	329,839	—	—	21,276	—	—
City of Berlin	3,268,444	22	724	111,383	1,712	—
Brandenburg	—	—	—	—	—	—
Pomerania	377,085	—	—	56,935	—	—
Posen	372,422	—	—	6,441	—	—
Silesia	1,047,337	—	—	170,095	—	—
Saxony	208,378	500	—	52,572	—	—
Schleswig-Holstein	99,887	—	—	10,343	—	—
Hanover	259,471	1,518	—	—	—	—
Westphalia	95,827	—	—	5,435	—	—
Hesse-Nassau	1,016,909	133,053	—	10,011	—	58,633
Rhine Provinces	360,488	—	—	—	—	—
Hohenzollern	2,358	—	—	—	—	—
Prussia	7,948,155	140,551	724	462,665	1,712	58,633
Bavaria, right bank of the Rhine. " left bank of the Rhine.	3,032,408 418,609	—	—	—	—	—
Bavaria	3,451,017	—	—	—	—	—
Kingdom of Saxony	912,963	—	—	28,616	—	—
Wurtemberg	318,072	—	—	—	—	—
Baden	523,344	—	—	—	—	—
Hesse	140,746	—	—	—	—	—
Mecklenburg Schwerin	165,705	—	—	—	—	—
Saxe-Weimar	98,719	17,409	—	—	—	—
Mecklenburg	10,350	—	—	—	—	—
Oldenburg	46,752	—	—	—	—	—
Brunswick	223,324	—	—	2,753	—	—
Saxe-Meiningen	599,919	—	—	—	—	—
Saxe-Altenburg	26,647	—	—	—	—	—
Saxe-Coburg-Gotha	375,239	2,035	—	—	—	—
Anhalt	731	—	—	—	—	—
Schwarzburg-Sondershausen	61,841	—	—	—	—	—
Schwarzburg-Rudolstadt	8,714	—	—	—	—	—
Waldeck	—	—	—	—	—	—
Reuss-Greiz	47,597	—	—	—	—	—
Reuss-Schleiz	643	—	—	—	—	—
Schaumburg-Lippe	—	—	—	—	—	—
Lippe-Deimold	—	—	—	—	—	—
Lubeck	—	—	—	—	—	—
Bremen	—	—	—	—	—	—
Hamburg	518,236	—	—	—	—	—
Alsace-Lorraine	180,286	—	—	—	—	—
German Empire	15,659,001	159,993	724	494,034	1,712	58,633

on the bonds.

on the 31st., December, 1910.

emitted at the rate of

3 1/8 %	3 1/8 %	3 1/8 %	3 1/8 %	3 1/4 %	4 %	4 1/8 %	4 1/8 %	5 %
1,000 marks.								
—	382,987	—	—	—	113,807	—	—	—
—	292,285	—	—	—	13,888	—	—	—
—	1,024,886	359	—	78,456	2,006,567	—	1,146	1,244
591	273,984	—	—	—	45,575	—	43,177	1,202
—	257,353	—	—	—	108,628	—	—	—
—	448,305	—	—	14,492	414,645	—	—	—
—	87,406	—	—	—	68,900	—	—	—
—	71,557	—	—	—	17,987	—	—	—
—	112,952	—	—	1,751	146,286	—	—	—
—	49,890	—	—	—	40,502	—	—	—
—	332,446	—	—	22,138	726,671	—	43	—
—	54,778	—	—	—	305,710	—	—	—
—	—	—	—	—	2,358	—	—	—
591	3,388,829	359	—	116,837	4,011,524	—	44,366	2,446
—	1,815,890	—	—	—	1,216,518	—	—	—
—	253,551	—	—	—	165,058	—	—	—
—	2,069,441	—	—	—	1,381,576	—	—	—
32,456	432,421	—	1,024	49,081	369,297	0.2	68	—
—	190,890	—	—	—	127,182	—	—	—
—	253,699	—	—	—	269,645	—	—	—
—	77,012	—	—	—	63,734	—	—	—
—	62,352	—	—	5,500	96,877	—	977	—
—	28,400	—	—	1,962	85,766	—	—	—
—	1,948	—	—	—	8,402	—	—	—
—	10,496	—	—	—	36,256	—	—	—
—	95,726	—	—	—	124,845	—	—	—
—	169,933	—	—	—	429,986	—	—	—
—	26,647	—	—	—	—	—	—	—
—	85,037	—	—	—	292,237	—	—	—
—	—	—	—	—	731	—	—	—
—	3,452	—	—	777	57,612	—	—	—
—	5,485	—	—	—	3,229	—	—	—
—	—	—	—	—	—	—	—	—
—	2,080	—	—	—	45,517	—	—	—
—	643	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	122,683	—	—	—	395,553	—	—	—
—	142,370	—	—	—	57,916	—	—	—
33,047	7,169,544	359	1,024	174,157	7,837,885	0.2	45,411	2,446

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CREDIT

AUSTRIA.

CURRENT QUESTIONS.

Provincial Institutions of Mortgage Credit.

Ist. PART.

Organisation.

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- Byelaws, annual accounts, circulars etc. of the above 6 institutions of mortgage credit.

§ 1. Provincial Institutions of Mortgage Credit and their Characteristics.

In a monographic study published previously (1), we considered the present situation of mortgage credit in Austria, pointing out the primordial importance that institutions of mortgage credit founded by provincial administrations have for agriculture.

(1) See this *Bulletin*, 3rd year, No. 4, pages 169 et seqq.

These can be subdivided into two categories. (a) provincial mortgage institutions (Landeshypothekenanstalten) and (b) provincial mortgage banks (Landesbanken).

Their common characteristic is that they are institutions of a public nature, and exclude all ideas of gain and speculation. Both are intended to satisfy the needs of mortgage credit, urban as well as agricultural. However, whilst the greater number of mortgage institutions occupy themselves exclusively with mortgage credit, and that, preferably agricultural, several of the provincial mortgage banks have a much larger sphere of activity, and besides granting urban and agricultural mortgage credit, they make loans to the provinces and communes and railway companies and loans for purposes of improvement, lend on pledge, etc. There are, however, the Landeshypothekenanstalten, which also make loans to communes (for example, the Provincial Institution of Mortgage Credit of Lower Austria) and some of the Landesbanken only lending on mortgage, agricultural and urban. (Mortgage Bank of Vorarlberg).

The character of public utility of these institutions, which exclude besides all kinds of speculation, is seen in their bye laws. Thus the same rate of interest has been fixed, for "*lettres de gage*" issued by these institutions as for the corresponding loans; the expenses of administration are covered by deducting a very small percentage of the capital not yet refunded. Sometimes no deposit on the part of the borrowers is insisted upon, when the reserve fund has reached a certain figure, or perhaps it is reduced, in every case in favour of small land-owners; the institution undertakes itself to enter loans in the land register and only charges its expenses when the borrower is poor.

The character of the administration of institutions of land credit founded by the provinces, is eminently public, in so much as the provincial council intervenes directly, appointing the board of management, supervising the working of the institutions or taking part in the deliberations of the council of administration etc. (See § 7).

The provincial administration guarantees also, in a subsidiary way, bills contracted by the institutions of which we speak.

Several provinces have even backed the latter financially with an endowment capital or have advanced them important funds. For example, the provincial Diet placed at the disposal of the Institution of Land Credit of Istria a sum of 100,000 crowns, as guarantee fund; the provincial bank of Galicia and Lodomeria received from the province funds amounting to 2,000,000 crowns, to form its foundation capital; the Provincial Mortgage Institution of Lower Austria obtained from the province a loan of 100,000 crowns without interest, which was refunded some time ago. The province of Tyrol placed at the disposal of the Tyrolese

Provincial Mortgage Institution funds for advances in cash (See § 4) at interest of 3 %.

As regards agriculture, one of the principal aims of the institutions and provincial banks of mortgage credit is not so much to grant new loans as to convert mortgages already existing, at a high rate of interest into mortgage loans at lower interest and redeemable ; an action which tends towards the progressive dismortgaging of landed property. It is precisely from this point of view that these institutions must be considered, and not from that of the greater or less amount of their business, considering that they extend their sphere of activity specially to the categories of land owners (small and medium land owners) who would otherwise be at the mercy of private capitalists, because, as it is a question of loans of a relatively small amount, other institutions of mortgage credit, which tend to realise profits, would have no advantage in undertaking the business. The mortgage institutions in question are as follows :

Name of the Institution	Year of Foundation	Amount of Mortgage Loans to December 31st.		
		1908	1909	1910
		(in millions of crowns)		
(1) Niederösterreichische Landeshypothekenanstalt (<i>Provincial Institution of Land Credit of Lower Austria</i>) at Vienna .	1889	366.1	383.2	395.1
(2) Tirolische Landeshypothekenanstalt (<i>Tyrolese Provincial Institution of Mortgage Credit</i>) at Innsbruck	1899	46.4	53.3	58.9
(3) Oberösterreichische Landeshypothekenanstalt (<i>Provincial Mortgage Institution of Upper Austria</i>) at Linz on the Danube	1890	40.5	42.4	43.9
(4) Kärntnerische Landeshypothekenanstalt (<i>Provincial Mortgage Institution of Carinthia</i>) at Klagenfurt	1896	14.0	14.3	15.1
(5) Landes-Hypothekarkredit-Anstalt der gefürsteten Grafschaft von Görz und Gradiska (<i>Provincial Institution of Mortgage Credit of the Prince County of Goritz and Gradiska</i>) at Goritz	1903	9.6	10.3	12.3
(6) Landes-Hypotheken-Anstalt (<i>Provincial Institution of Mortgage Credit</i>) at Salzburg	1909	—	1.2	3.2

Name of the Institution	Year of Foundation	Amount of Mortgage Loans to December 31st.		
		1908 (in millions of crowns)	1909	1910
(7) Bodenkredit-Anstalt des Königreiches Dalmatien (<i>Institution of Land Credit of the Kingdom of Dalmatia</i>) at Zara .	1898	9.8	11.0	12.8
(8) Bodenkredit-Anstalt der Markgrafschaft Istrien (<i>Institution of Land Credit of Margravate of the Istria</i>) at Parenzo .	1881	13.4	17.8	20.7
(9) Oesterreichisch-Schlesische Bodenkredit-Anstalt (<i>Austrian-Silesian Institution of Land Credit</i>) at Troppau	1869	32.0	32.2	33.2
(10) Hypothekenbank des Landes Vorarlberg (<i>Mortgage Bank of Vorarlberg</i>) at Bregenz	1899	15.0	15.9	16.9
(11) Hypothekenbank des Königreiches Böhmen (<i>Mortgage Bank of the Kingdom of Bohemia</i>), Prague	1865	312.0	312.7	318.9
(12) Landesbank des Königreiches Galizien und Lodomerien (<i>Provincial Bank of the Kingdom of Galicia and Lodomeria</i>) at Lemberg	1883	148.2	172.1	198.1
(13) Hypothekenbank der Markgrafschaft Mähren (<i>Mortgage Bank of the Margravate of Moravia</i>) at Brünn	1876	171.4	170.0	170.4
(14) Bukowinaer Landesbank (<i>Provincial Bank of Bukovina</i>) at Czernowitz. .	1882	20.6	22.0	22.8
(15) Landesbank des Königreiches Böhmen (<i>Provincial Bank of the Kingdom of Bohemia</i>) at Prague	1890	9.0	8.0	7.7
(16) Galizischer Boden-Kredit-Verein (1) (<i>Land Credit Society of Galicia</i>)	1841	250.8	249.4	250.3
		<hr/>	<hr/>	<hr/>
		1,458.8	1,515.8	1,580.0

(1) The Galizische-Boden-Kredit-Verein is in reality constituted in the form of a co-operative society, on the model of the landschaften, composed of large land owners. But its foundation being due to the initiative of the provincial representation of Galicia, it is necessary to consider the society as a provincial institution.

§ 2. Mortgage Loans and "Lettres de Gage"

Mortgage loans granted by the institutions and provincial mortgage banks, can not be denounced by the lender ; at the same time they can be refunded by the borrower at any moment without payment of any premium.

However, the Mortgage Institution can demand the refund of the loan in the following cases :

- (1) When the estate is ruined, or diminished in value.
- (2) When the debtor will be, within two years obliged by judicial means (legal procedure) to pay sums due (clause in use only in the Galizischer-Boden. Kredit-Verein).
- (3) When, in the case of a private debt, procedure has been granted on mortgaged property, and if the landowner, neglects to make the obligatory half yearly payment (idem) ;
- (4) In cases of division of the land without the consent of the institution ;
- (5) If the debtor has in vain been twice summoned in three years for the payment of any kind of debt owing to the Institution ; or, if on being asked, he does not prove that he has insured the real estate against fire, when the mortgage burdens the greater part of the buildings ;
- (6) If the debtor delays payment for two or three years ;
- (7) If the object mortgaged is put up to auction by a third party.
- (8) In case of bankruptcy of the debtor.

Debtors *are not obliged to use the mortgage loans in any particular way* and with regard to this they are not subjected to the supervision of the provincial institutions. Yet, however, the provincial mortgage institution of Lower Austria, arranges that mortgage loans shall not serve to satisfy the current needs of improving lands, an object the Raiffeisen banks have in view.

On the contrary, as regards loans, for improvement the loan is only granted on condition that the use is stated in the application.

The Loans are at a fixed rate of interest during the whole of their duration, and are always paid by means of "lettres de gage." Payment of the loans by means of "lettres de gage" can be effected in two ways :

- (1) When the borrower, by reason of a clause inserted in the deed of loan, authorises the institution to sell on his accounton the Exchange "lettres de gage" corresponding to the loan contracted and to deliver him the sum thus obtained.

(2) when again the institution issues to the borrower "lettres de gage," and sells them on account of the latter, on his express demand.

The most usual way is the first. To sell bills on the Exchange, and to cover expenses the institution levies a slight commission, may be from $\frac{1}{10}$ % to $\frac{1}{2}$ %, in the Galizischer-Boden Kredit-Verein; $\frac{1}{8}$ % up to $\frac{1}{4}$ % in the Mortgage Bank of Bohemia, $\frac{1}{2}$ % in the Provincial Bank of Galicia and Lodomeria, in the Provincial Mortgage Institution of Lower Austria, and that of Upper Austria $\frac{1}{4}$ %, in the Provincial Mortgage Institution of Carinthia and in that of Dalmatia. $\frac{1}{3}$ % to $\frac{1}{2}$ % in the Mortgage Bank of Vorarlberg.

The Austro-Silesian Institution of Land Credit, the Mortgage Bank of Moravia and the Provincial Mortgage Institution of the Tyrol do not levy any commission and the Institution of Land Credit of the Margravate of Istria pays the borrower the "lettres de gage" not at current rate but at a rate agreed on.

The total amount of the "lettres de gage" must not exceed that of the existing loans; they are placed on the market in the form of bills, at $3\frac{1}{2}$, 4 and $4\frac{1}{2}$ % with an unlimited period of circulation, or else, they must be redeemed in 36, 38, 41, $42\frac{1}{2}$, $51\frac{1}{2}$, $54\frac{1}{2}$, 56, 57, $57\frac{1}{2}$, 59 and 60 years.

We have already pointed out that "lettres de gage" are guaranteed not only by the object mortgaged, but likewise by the provincial administration; they permit on one side, mortgage institutions to procure the necessary finances, and, on the other, they offer an advantageous and safe investment for capital held in trust for minors. (See § 8). As soon as the loans are refunded the mortgage institutions redeem a corresponding quantity of the "lettres de gage" in circulation, which are destroyed.

The average rate of interest on "lettres de gage" was during the last 15 years very little (0.02 to 0.05 %) above 4 per cent. The "lettres de gage" actually in circulation are, for the most part, at 4 %, a small quantity only at $3\frac{1}{2}$ and $4\frac{1}{2}$ %. We have already seen that the rate of interest on the loans must be equal to that on the "lettres de gage;" interest is paid in advance and half-yearly. (See the example cited in the Appendix).

§ 3. *Extinction of Mortgage Loans.*

The provincial institutions of mortgage credit, with the exception of the Provincial Bank of Bohemia oblige their debtors to refund the loans by means of a payment which includes besides interest an annual payment of $\frac{1}{2}$ % or 1 % of the capital.

The following table shows the condition of extinction in the principal institutions (1) (See the Appendix).

Name of the Institution —	Rate of Interest on the Loan —	Minimum Annuity to be paid (Interest plus Sinking Fund)	Period for Extinction —
Niederösterreichische Landeshypo- thekenanstalt	4 3 ½	4 ½ 4	54 ½ 59
Tirolische Landeshypothekenanstalt	4	4 ½	54 ½
Oberösterreichische Landeshypothe- kenanstalt	4 3 ½	4 ½ 4	54 ½ 59
Kärntnerische Landeshypotheken- anstalt	4	4 ½	54 ½
Boden-Kredit-Anstalt für das König- reich Dalmatien	4 ½	5 ½	38
Boden-Kredit-Anstalt der Markgraf- schaft Istrien	5	6	36
Oesterreichisch - schlesische Boden- Kredit-Anstalt	4	4 ½	54 ½
Hypothekenbank des Landes Vor- arlberg	4	4 ½	54 ½
Hypothekenbank des Königreiches Böhmen	4 4 3 ½	5 4 ½ 4	40 35 ½ 59
Landesbank des Königreiches Ga- lizien und Lodomirien . . .	4	4 ½	57
Galizischer Boden-Kredit-Verein .	4 4	5 4 ½	41 (a) 55 ½

(a) For the oldest loans.

The two small mortgage institutions of Goritz-Gradiska and Salzburg are omitted as well as the three banks of Moravia, Bukovina, and Bohemia.

Each of them takes into account the great utility of the system of payment of debt by means of obligatory annuities, considering that the borrowers are obliged in this way to refund the loan gradually, so that the mortgaged property regains little by little its value, always without an appreciable burden to the debtor. In fact, if the lender were, a person, the borrower would have had to pay, $4\frac{1}{2}\%$ and even more for the interest alone. It therefore follows, that without any increase in the burden, the land owner, thanks to the work of the provincial institutions of mortgage credit, can gradually release his estates from the burden of mortgage.

§ 4. *The Conversion of Mortgage Debts.*

Since the commencement of their activity, the provincial institutions of credit have occupied themselves particularly with the conversion of mortgage debts at a high interest into loans at lower interest with obligatory sinking fund payments. This is precisely one of the principal and most useful functions of these institutions.

The conversion is fraught however with two difficulties. The first is that, according to the bye laws, "lettres de gage" can not be issued before the corresponding loan has been entered in the land registers in the order of mortgage desired; in the second place, the earlier creditor only gives his consent with difficulty to the cancellation of the mortgage, inasmuch as he has not received payment in cash for his credit.

To obviate these difficulties, the institutions of mortgage credit, have been able to adopt the system of making advances in cash; at the date of conversion.

The operation takes place in this way.

The institution takes a mortgage on the real estate, ranking immediately after the mortgage which must be converted: it then refunds the old mortgage debt at high interest (the advance consists in this), and cancels the mortgage in the register and thus the new mortgage takes the rank of the former. This done, the institution issues the corresponding "lettres de gage" and sells them; from the proceeds of this sale it obtains the amount of the advance made, including interest ($4\frac{1}{2}\%$, 5%).

The Institution of Land Credit of Istria effects the conversion in this way. The mortgage creditor (or creditors) of the debt to be converted gives a declaration to the Institution in which he binds himself to cancel his mortgage as soon as he has received the sum equivalent from the institution. Therefore when the Institution pays the loan to the borrower, it retains the sum necessary to pay the preceding creditor, who, after having delivered the receipt, receives the amount to his credit.

There may evidently be several creditors, according to the number of mortgages burdening the state. These are all repaid, and are replaced by a sole creditor, with one mortgage only, that is to say, by the provincial mortgage institution.

The provincial institutions of mortgage credit then make, in their turn, conversion of their own credits, by lowering the rates of interest of their "lettres de gage." It is thus that the Galizischer-Boden-Kredit-Verein, converted during the years 1886-1890, its own "lettres de gage" from 5% (of an amount equivalent to 100,000,000 crowns) to as many "lettres de gage" at $4\frac{1}{2}\%$, in the same way as it likewise converted those at $4\frac{1}{2}\%$ to "lettres de gage" at 4%. To accomplish this, the institution partly employed its own capital, and, partly it had recourse to other banks.

About a half of the loans granted by the institutions of mortgage credit are intended to be converted.

When the amount of the loan granted by the Institution is higher than the mortgage credits to be converted, the Institution can make subsequent advances in cash to the borrower, without which the latter would be obliged to wait until the conversion was effected, which would cause a comparatively long delay. The amount of the advances in cash may amount to 70% of the loan.

The average rate of interest (including sinking fund) of converted mortgage loans is :

in Istria	6	to 10 per cent
" Silesia and Carinthia	6	and 5 " "
" Galicia	5	" 4 " "
" Moravia	5	" "
" Upper and Lower Austria . .	$4\frac{3}{4}$	" "
" Vorarlberg	$4\frac{1}{2}$	" "

In the Tyrol, the average rate of interest of converted loans is 4%, and in certain cases it is even $3\frac{1}{2}\%$.

§ 5. Rules for the Granting of Loans.

The provincial institutions of mortgage credit grant loans of amounts of not less than 200 crowns (Silesia, Lower-Austria, Carinthia, Vorarlberg, Tyrol) or than 400 crowns (Moravia and Istria) or than 600 crowns (Provincial Bank of Galicia and Lodomeria), or even than 1,000 crowns (*Galizischer Boden-Kredit-Verein*, Mortgage Bank¹ of the Kingdom of Bohemia);

(1) on landed estate on condition that it be situated in the territory of the province and has its own folio in the land registers.

(2) on buildings entered in the land registers and situated in communes formed of one or several villages (that is to say, not isolated houses); the fact that this real estate is or is not subject to the tax on buildings is not taken into account. It is sometimes required that the commune where the estate is situated must not have less than 2,000 inhabitants. (Moravia) or 4,000 inhabitants, (Mortgage Bank of Bohemia).

If the building serve exclusively or principally for industrial purposes, the institutions do not grant mortgage loans. In the same way undistrainable real estate is excluded, as well as theatres, mines, and bridges; property held in trust can only be mortgaged up to the third of its value, that is, such property of which the *substance* is undistrainable.

The *Galizischer Boden-Kredit-Verein* the Provincial Galician bank, and the Provincial Bohemian Bank make half the value of the estate, the maximum limit of the loan.

Other institutions grant loans on land up to $\frac{2}{3}$ rds of its value; on houses up to the half of the estimated value or on fields, gardens, permanent grass and meadows up to $\frac{2}{3}$ rds., on forests and vineyards up to one third of the value calculated on the basis of the yield, on houses situated in small villages up to $\frac{1}{3}$ rd, on those situated in small hamlets. and towns up to the half of the estimated value, or the value of the yield.

The Provincial Mortgage Institution of Lower Austria, the Institution of Land Credit of the Kingdom of Dalmatia and the Mortgage Bank of Vorarlberg, also grant loans, without proceeding to estimate the value of the estate; on the contrary they take the value shown in the land register as the basis of the loan adding to it the third of the insurance value of the building.

Generally speaking, it may be said that the average amount of loans granted by all the institutions is *a little lower than a half of the value of the mortgaged estates.*

§ 6. Valuation of the Estates.

Provincial institutions of mortgage credit consider as the land register value of the land, the net land-register revenue multiplied by 20 (Istria, Lower and Upper Austria, Carinthia, Dalmatia), or, again, multiplied by 24, and by 20 when the wooded part predominates, (Mortgage Bank of Bohemia, and Provincial Bank of Bohemia) or by 25 and by 20 when the wooded part (Silesia and Moravia) predominates, and they take this value as the basis of the concession. When the estate has a higher value, they proceed to estimate.

The *Galizischer Boden-Kredit-Verein* establishes the value of the estates to be mortgaged in two ways, at the choice of the borrower :

(1) On the basis of the land tax multiplied by 100 or 200, according to the decision of the management, after due examination.

(2) On the basis of an estimation, which is executed by two trustworthy persons on oath, belonging always to the class of large land-owners. The *Galizischer Boden-Kredit-Verein* has at its disposal four or six of these persons in each district.

The Mortgage Bank of Bohemia establishes the value of the object to be mortgaged, taking into account the land tax multiplied by 100, the purchase contract, the purchase prices of lands customary in the district, the rates of rent, judicial estimates and the opinion of trustworthy persons, and for small property, the opinion of competent branches of the Bank. In exceptional cases the Bank, on the request of the applicant for the loan, has the property estimated by its own employees.

The expenses of valuation etc. are at the charge of the borrower. The Provincial Galician Bank calculates them at the rate of 1 ‰ of the amount of the loan. The Provincial Mortgage Institution of Lower Austria, and the Mortgage Bank of Vorarlberg themselves bear the expenses of valuation, due to the intervention of their own employees in cases of loans on agricultural properties; moreover, whenever the estimation expenses have nothing to do with the amount of the loan, or if the request for a loan is refused, always in cases of agricultural properties, the said expenses are entirely borne by these institutions which include them in their working expenses.

§ 7. *Administrative Management and Reserve Funds.*

(a) The administration of provincial institutions of mortgage credit is entrusted to a council of administration (*Kuratorium*) to a director and to a special body of employees, and it is controlled by the provincial council under the chief supervision of the Provincial Diet.

Naturally, each Institution or Provincial Bank establishes in its by-laws, the composition and competence of the Council of Administration, director, etc.

The Council of Administration and Director are generally named by the Provincial Diet.

It is necessary to observe that the Council of Administration intervenes and decides in all business of any importance, and that the powers of the director are not very great. Let us also observe that the supervision on the part of the Provincial Administration is very active, and in

conformity with strict rules. The approbation of the provincial council is required for the granting of loans **exceeding a certain amount**, but, always, the provincial institutions of mortgage credit are organised in an eminently commercial and financial manner.

The expenses of administration are met by a small fee demanded of the borrowers.

The amount charged for the expenses of administration is generally $\frac{3}{4}\%$ of the *capital not yet refunded*, in cases of loans made to small land-owners, and $\frac{1}{4}\%$ for other mortgage loans. But here also conditions vary according to the institutions. For example, the Provincial Mortgage Institution of Lower Austria exacts no contribution from the borrowers when the loan does not exceed 6,000 crowns.

The provincial institutions of mortgage credit must see to (b) *the formation of a reserve fund*. Sometimes, the maximum amount of the latter is fixed (200,000 crowns, 2,000,000 crowns, 4,000,000 crowns or it represents 4%, 5% of the value of the "lettres de gage" in circulation); sometimes the amount is unlimited. The reserve fund is made up of all the savings and profits of the undertaking, from the investment of surplus cash and of uninvested amounts.

The Galizischer Boden-Kredit-Verein places to the reserve fund $\frac{1}{2}\%$ or 1% of the amount of the loan.

The Provincial Bank of Bohemia accumulates a reserve fund until it reaches an amount corresponding to 50% of its mortgage bonds. The rest is employed in redemption of these.

The reserve fund is used :

- (1) To make immediate payments and cover contingent losses ;
- (2) To facilitate the payments of annuities due from borrowers, in cases of bad crops resulting from damage caused by the weather.
- (3) to encourage the purchase of the institution's "lettres de gage".
- (4) To make advances on "lettres de gage."
- (5) The surplus of the reserve fund serves also to facilitate the withdrawal of "lettres de gage" from circulation or it is put at the disposal of the Diet for purposes of public utility.

The Mortgage Institution of the Tyrol invests the surplus of its reserve fund in favour of its mortgage debtors.

The reserve fund must be invested in securities in which trust funds may be invested, or deposited, *at short maturity*, in savings banks or trustworthy credit institutions, or, may be invested in loans guaranteed by securities in which trust funds may be invested.

It can never be used for current business.

§ 8. *The Intervention of the State and Agricultural Corporations.*

The State places the "lettres de gage" of institutions of mortgage credit among those in which trust funds may be invested.

It allows them besides several fiscal advantages but of slight importance, the provincial institutions of mortgage credit being subjected to taxes like other institutions of credit.

On the contrary, several institutions enjoy real and true privileges; it is thus that the Galizischer-Boden-Kredit-Verein is exonerated from stamp duty for all its deeds, receipts etc. including "lettres de gage." The coupons on the contrary, are subject to stamp duty.

The Mortgage Bank of Bohemia is authorised to proceed to sequestration of the estates of debtors in arrears, without previous legal action. It is sufficient for it to present in a court of justice an extract from its books establishing its right. In all cases these are proof of the total amount of credit entered.

The Provincial Bank of Galicia has received authorisation to recover arrears of sinking fund and interest by means of sequestration through the medium of the political authorities.

The work of provincial institutions of mortgage credit can only be accomplished profitably if these institutions be in direct contact with the agricultural population, and if the latter be convinced of the advantage there is in addressing itself to them.

This is why these institutions endeavour *to keep in touch with agricultural institutions*, whether by means of Provincial Councils of Agriculture, and Central Federations of Co-operative Societies, or by Raiffeisen Banks. The relations between the provincial institutions of mortgage credit and agricultural organisations are more or less developed, according to the provinces.

Let us take note that this problem, which is of great importance relatively to the dismortgaging of agricultural property, is the object of study and enquiry on the part of the Ministry of Agriculture. It is specially Raiffeisen Banks which lend themselves to constituting the link between these institutions and agricultural property. (1)

To end this first part of our study, we attach a synoptic table of the model plan for extinction of debt in 109 half years reproduced from the reports of the Provincial Mortgage Institution of Upper Austria. Hereafter we shall study more attentively the very detailed statistics published by these institutions.

(1) See this Bulletin, Third year. No. 5, page 115. We shall continue on another occasion the study of this subject.

Model of a plan for extinction (1) of a loan of 1,000 crowns at the rate of interest of 4 % repayable in 54 ½ years at 4 ½ % (interest and sinking fund) (2).

1.	Year	Amount of the half-yearly payment anticipated		This sum serves to pay				Remainder of the Debt at the end of the half year		Contribution to be paid for Administration Expenses	
				Interest		Sinking Fund				(% of capital not refunded)	
		crowns	cent.	crowns	cent.	crowns	cent.	crowns	cent.	crowns	cent.
—	20	—	20	—	—	—	1,000	—	I	25	
1	22	50	19	95	2	55	997	45	I	25	
2	22	50	19	90	2	60	994	85	I	25	
3	22	50	19	85	2	65	992	20	I	25	
4	22	50	19	79	2	71	989	49	I	24	
5	22	50	19	74	2	76	986	73	I	24	
6	22	50	19	68	2	82	983	91	I	23	
7	22	50	19	63	2	87	981	04	I	23	
8	22	50	19	57	2	93	978	11	I	23	
9	22	50	19	51	2	99	975	12	I	22	
10	22	50	19	45	3	05	972	07	I	22	
11	22	50	19	38	3	12	968	95	I	22	
12	22	50	19	32	3	18	965	77	I	21	
13	22	50	19	26	3	24	962	53	I	21	
14	22	50	19	19	3	31	959	22	I	20	
15	22	50	19	12	3	38	955	84	I	20	
16	22	50	19	05	3	45	952	39	I	20	
17	22	50	18	98	3	52	948	87	I	19	
18	22	50	18	91	3	59	945	28	I	19	
19	22	50	18	84	3	66	941	62	I	18	
20	22	50	18	76	3	74	937	88	I	18	
21	22	50	18	69	3	81	934	07	I	17	
22	22	50	18	61	3	89	930	18	I	17	
23	22	50	18	53	3	97	926	21	I	16	
24	22	50	18	45	4	05	922	16	I	16	
25	22	50	18	37	4	13	918	03	I	15	
26	22	50	18	28	4	22	913	81	I	15	
27	22	50	18	20	4	30	909	51	I	14	
28	22	50	18	11	4	39	905	12	I	14	
29	22	50	18	02	4	48	900	64	I	13	

(1) That of the Provincial Mortgage Institutions of Upper Austria.

(2) In addition to the contribution for the expenses of administration, see the last column of the present table.

Half Year	Amount of the half-yearly payment anticipated		This sum serves to pay				Remainder of the Debt at the end of the half year		Contribution to be paid for Administration Expenses (¼ % of capital not refunded)	
			Interest		Sinking Fund					
	crowns	cent.	crowns	cent.	crowns	cent.	crowns	cent.	crowns	cent.
30	22	50	17	93	4	57	896	07	1	13
31	22	50	17	83	4	67	891	40	1	12
32	22	50	17	74	4	76	886	64	1	11
33	22	50	17	64	4	86	881	78	1	11
34	22	50	17	54	4	96	876	82	1	10
35	22	50	17	44	5	06	871	76	1	09
36	22	50	17	34	5	16	866	60	1	09
37	22	50	17	23	5	27	861	33	1	08
38	22	50	17	12	5	38	855	95	1	07
39	22	50	17	01	5	49	850	46	1	07
40	22	50	16	90	5	60	844	86	1	06
41	22	50	16	79	5	71	839	15	1	05
42	22	50	16	67	5	83	833	32	1	05
43	22	50	16	55	5	95	827	37	1	04
44	22	50	16	43	6	07	821	30	1	03
45	22	50	16	31	6	19	815	11	1	02
46	22	50	16	18	6	32	808	79	1	02
47	22	50	16	05	6	45	802	34	1	01
48	22	50	15	92	6	58	795	76	1	—
49	22	50	15	79	6	71	789	05	—	99
50	22	50	15	65	6	85	782	20	—	98
51	22	50	15	51	6	99	775	21	—	97
52	22	50	15	37	7	13	768	08	—	97
53	22	50	15	22	7	28	760	80	—	96
54	22	50	15	07	7	43	753	37	—	95
55	22	50	14	92	7	58	745	79	—	94
56	22	50	14	77	7	73	738	06	—	93
57	22	50	14	61	7	89	730	17	—	92
58	22	50	14	45	8	05	722	12	—	91
59	22	50	14	28	8	22	713	90	—	90
60	22	50	14	12	8	38	705	52	—	89
61	22	50	13	94	8	56	696	96	—	88
62	22	50	13	77	8	73	688	23	—	87
63	22	50	13	59	8	91	679	32	—	85
64	22	50	13	41	9	09	670	23	—	84
65	22	50	13	22	9	28	660	95	—	83
66	22	50	13	03	9	47	651	48	—	82
67	22	50	12	84	9	66	641	82	—	81
68	22	50	12	64	9	86	631	96	—	79
69	22	50	12	44	10	06	621	90	—	—
70	22	50	12	24	10	26	611	64	—	77

Half Year	Amount of the half-yearly payment anticipated		This sum serves to pay				Remainder of the Debt at the end of the half year		Contribution to be paid for Administration Expenses (¼ % of capital not refunded)	
			Interest		Sinking Fund				crowns	cent.
	crowns	cent.	crowns	cent.	crowns	cent.	crowns	cent.		
71	22	50	12	03	10	47	601	17	—	76
72	22	50	11	81	10	69	590	48	—	74
73	22	50	11	60	10	90	579	58	—	73
74	22	50	11	37	11	13	568	45	—	72
75	22	50	11	15	11	35	557	10	—	70
76	22	50	10	92	11	58	545	52	—	69
77	22	50	10	68	11	82	533	70	—	67
78	22	50	10	44	12	06	521	64	—	66
79	22	50	10	19	12	31	509	33	—	64
80	22	50	9	94	12	56	496	77	—	63
81	22	50	9	68	12	82	483	95	—	61
82	22	50	9	42	13	08	470	87	—	59
83	22	50	9	16	13	34	457	53	—	58
84	22	50	8	88	13	62	443	91	—	56
85	22	50	8	61	13	89	430	02	—	54
86	22	50	8	32	14	18	415	84	—	52
87	22	50	8	03	14	47	401	37	—	51
88	22	50	7	74	14	76	386	61	—	49
89	22	50	7	44	15	06	371	55	—	47
90	22	50	7	13	15	37	356	18	—	45
91	22	50	6	81	15	69	340	49	—	43
92	22	50	6	49	16	01	324	48	—	41
93	22	50	6	17	16	33	308	15	—	39
94	22	50	5	83	16	67	291	48	—	37
95	22	50	5	49	17	01	274	47	—	35
96	22	50	5	15	17	35	257	12	—	33
97	22	50	4	79	17	71	239	41	—	30
98	22	50	4	43	18	07	221	34	—	28
99	22	50	4	06	18	44	202	90	—	26
100	22	50	3	69	18	81	184	09	—	24
101	22	50	3	30	19	20	164	89	—	21
102	22	50	2	91	19	59	145	30	—	19
103	22	50	2	51	19	99	125	31	—	16
104	22	50	2	10	20	40	104	91	—	14
105	22	50	1	69	20	81	84	10	—	11
106	22	50	1	26	21	24	62	86	—	08
107	22	50	—	83	21	67	41	19	—	06
108	22	50	—	39	22	11	19	08	—	03
109	19	08	—	—	19	08	—	—	—	—

CREDIT

EGYPT.

RECENT NEWS.

A Bill to Render Rural Holdings of an Area not exceeding 5 Feddans Exempt from Seizure.— In the fear of small agriculturists being dispossessed of their holdings by unscrupulous creditors, the Egyptian Government has introduced into the legislative assembly of the Court of Appeal a bill to protect the interests of this numerous class of producers. This bill is intended to prevent the agricultural proprietor from burdening his land with mortgage charges while offering him, on the other hand, a certain number of those advantages which the *homestead* or family estate confers on its proprietor. Although the contrary has been affirmed, this bill is not without precedent in the history of agrarian legislation. We may recall § 473 of the Servian Civil Code (1) which prevents the peasants mortgaging certain lots of their land, and the old Russian law (in force until 1906) which forbade the peasants mortgaging their lots (*nadiels*). The present Russian law does not even permit them to contract any mortgage loan except with a Peasants' Bank, and that only for certain improvements, and for the purchase of additional land.

This new Egyptian law was voted and carried on the 14th. of June last. Before being promulgated, it must be sanctioned by the Powers, which for three months from the date of its being passed by the Court of Appeal have the right of opposing a veto.

Its text is as follows :

“ The agricultural property of any cultivator who does not possess more than five feddans (21,000 square mètres) cannot be seized. This exemption from distraint extends to the dwelling of the cultivator, to his farm buildings, to two draft animals, and to the agricultural implements

(1) See: “ The Organisation and Results of Land Credit in Servia ”. *Bulletin of Economic and Social Institutions* “. May, 1912, p. 127.

necessary for the cultivation of the said land. This law is pleadable against mortgagees or holders of securities, and all those who have obtained a right of mortgage, but not against privileged creditors. It will not impair the rights of credit entered or transcribed at the date of its coming into force, or of credit under note-of-hand dated previously to that. "

This law met with opposition in certain Egyptian circles, from the fear that, in endeavouring to protect the small Arab agriculturist, it would miss its aim by depriving him, so to speak, of all credit, for his poverty would not permit him to offer any guarantee of solvency to the rural banks or other lenders.

Meantime, the offices of the tribunals are powerless to meet the difficulties thus created; they are literally besieged by creditors who come crowding to show a prior date to their credit. These difficulties will probably be diminished by modifications which the Egyptian Government seems inclined to make.

On the 31st. July, there was an interview between H. E. Rouchdy Pasha, Minister of Justice and President of the Council p. i. and delegates from the Alexandrian Chambers of Commerce for consideration of the new 5 feddans law. The Government is almost agreed with the delegates as to the granting of a term for liquidation of existing debts. According to information received, this term is to last five years, that is to say, that the new law is not to be enforced until five years after its promulgation. During this period, the holders of bills, and they are numerous, would have the power of suing and dispossessing their debtors, and it is hoped that, through this delay, embarrassments will be avoided. It would permit not only the renewal of credit but avoid the total impoverishment of the fellah which would not fail to follow an immediate application of the law. It is very probable that, on this point an understanding will be reached.

Certain difficulties have arisen as to at what moment, after the new law comes into operation, property will become non-distrainable. Thus will a debtor, who is proprietor of ten feddans on the day that he contracts a loan, be protected by the new law if, before the loan fall due, he sell a part of his property and become a holder of only five feddans or less? This question will be specially considered, and there will shortly be another meeting of H. E. Rouchdy Pasha and 8 delegates of the Chambers of Commerce for the settlement of this important point.

We shall not fail to keep our readers au courant on this exceptionally interesting subject.

(From *L'Economiste Européen* no. 1,072, vol. 42, 26th. July, 1912, and *Le Bulletin*, Alexandria, 3rd August, 1912),

CREDIT

ITALY.

RECENT NEWS.

I. — **Land Credit in Italy in the Five Years 1906-1910.** — As our readers know, land credit business is transacted in Italy by the Italian Land Credit Institute in Rome, by the Sardinian Land Credit Institute in Cagliari, by the Milan, Bologna and Verona Savings Banks as well as by the S. Paul Institute of "Opere Pie" in Turin and the Sienna "Monte dei Paschi" (1). Besides these seven institutions which are actively working there are four in liquidation with which we shall not deal.

The operations the first may perform are essentially: (a) the grant of loans at low interest, of $3\frac{1}{2}\%$ more or less, to owners of real estate; (b) the grant of credits in current account secured on mortgage for an amount of not more than half the value of the mortgaged estate; (c) the grant of advances on deposit of land credit bonds.

We have already given particulars of their work in 1909 and 1910 in previous numbers of this Bulletin. To give a complete idea of the amount of land credit in Italy we reproduce the two following tables, drawn up by the General Management of Credit and Thrift at the Agricultural Department. The first shows the amount of the principal credit and debit items for the five years 1906-1910, for the whole group of institutes. In the second we have the amount of the principal operations conducted by each institute in 1910, thus summarising the information published in previous Bulletins upon these organs of credit.

(1) For the legal form of these Institutes and the principal legal provisions in respect to them, see *Bulletin of Economic and Social Intelligence*, of April 30th, 1911, p. 223.

Number of Institutes Actively Working and Total Amount of their Chief Credit and Debit Items.

Years	Number of Institutes on December 31st	Mortgages held on December 31st	Amount of Land Credit Bonds in Circulation, December 31st	Amount of Loans on Mortgage for each Year	Amount of Loans Current on December 31st
1906	7	792,484,204	322,597,500	44,329,500	345,413,633
1907	7	821,981,025	341,250,500	45,335,000	359,816,990
1908	7	904,898,770	371,038,000	61,819,000	389,933,630
1909	7	924,045,706	395,726,500	59,713,800	413,551,475
1910	7	1,031,733,191	436,228,000	74,111,500	457,824,681

Amount of the Chief Credit and Debit Items for each Institute in 1910.

Institutes Actively Working	Mortgages held December 31st.	Amount of Land Credit Bonds in Circulation, December 31st.	Amounts of Loans on Mortgage made in the Year	Amount of Loans on December 31st.
Land Credit Department of the Savings Bank of Bologna . .	54,962,989	33,959,500	5,596,000	33,105,212
Land Credit Department of the Savings Bank of Milan . . .	306,471,000	153,235,500	21,582,000	148,237,173
Land Credit Department of the Savings Bank of Verona . .	16,359,200	12,620,500	4,656,500	13,318,111
Sardinian Land Credit Institute in Cagliari	3,483,800	1,651,500	71,000	1,624,362
Italian Land Credit Institute in Rome . .	332,808,500	118,684,000	19,435,500	146,899,294
Land Credit Department of the "Monte dei Paschi" of Sienna	135,532,282	53,939,500	11,401,500	53,557,632
Land Credit Department of the S. Paul Institute of "Opere Pie", Turin	182,114,420	62,137,500	11,369,000	61,082,967
Total . . .	1,031,732,191	436,228,000	74,111,500	457,824,751

From the above we see that Land Credit in Italy has been making constant progress.

(Summarised form the *Bollettino di notizie sul credito e sulla previdenza*. Department of Agriculture, Industry and Commerce. General Management of Credit and Thrift).

* * *

2. — Provisions of the Financial Minister for the Completion of the Returns of Mortgage Statistics up to the 31st. December, 1910 and for their Annual Compilation, beginning with January 1st., 1911. — By circular of December 15th., 1901 to the Commissioners of Mortgages for the Kingdom, the Italian Government made provision for the compilation of the statistical returns of the mortgage debt at interest for the thirty years from January 1st., 1874 to December 31st., 1903.

The commissioners were for the purpose to make out a special census paper for every mortgage passed within the period and not cancelled before the end of it, giving the following principal details :

(a) The names of the creditors (incorporated bodies or private persons, originally registered and substituted) ;

(b) The reasons for the loan (purchase price, advances or loans, conditions of long lease, and other burdens due to joint ownership, etc).

(c) The communes in which the property is situated ;

(d) Kind of mortgage (legal, conventional or judicial) and the property mortgaged (land, buildings, or both together).

On these papers the agencies of direct taxation were then to note which mortgages, although apparently still in force, had been altogether or partly paid off and which had been registered in more than one mortgage office. The same agencies were further *ex officio* to make out census papers for those mortgages on interest they know of, of which the Commissioners had not taken account, because in their deed of constitution they were not shown as bearing interest.

The intention of all this evidently was to show the mortgage debt in its true proportions.

The work of collecting the statistics, abstracting and examining the papers lasted several years and it was only in 1909 that the General Management of Commercial Taxation (Direzione Generale delle tasse sugli affari) entrusted with the preparation of the returns, could publish the final results. It was thus ascertained that the interest bearing mortgage debt on private property in Italy, formed by 916,694 mortgages, amounted altogether to 3,666,230,620 frs., of which sum, 973,901,920 (or 26.56 %) was for mortgage on land and 961,880,631 (or 26.24 %) on buildings, and 1,730,448,069 (or 47.20 %) on land and buildings together.

But the investigations made would have lost much of their value for economic studies and eventual legal reforms if provision had not been made to continue them. Convinced of this, the Present Minister of Finance, the Hon. Signor Facta, by circular of June 10th., 1910, arranged for the completion of the Returns up to December 31st., 1910, and this is now in hand and the results will be made known in 1913.

As in the past, the information will be collected by means of special census papers, with the addition of two new items to those of the old form, that is : the name of the debtor and the term of the loan.

Finally, by another circular of June 20th., 1910, the Minister has ordered the annual compilation of the statistics of the interest bearing mortgage debt, beginning with the 1st. of January, 1911. In these, while the various classes of creditors and the amount of interest charged by them are separately shown, special account will be taken of the land credit institutes.

(Summarised from the above circulars of the Minister of Finance).

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

ITALY.

CURRENT QUESTIONS.

Italian Agriculture in the Last Fifty Years.

(Continued).

IV. — Present Condition of Italian Agriculture.

§ 1. *Distribution of the Total Area of the Country into Various Classes, according to the Use to which the Land is put.*

The crop reporting service recently instituted by the Ministry of Agriculture (1) furnishes more reliable data than were heretofore available with regard to the agricultural conditions at present existing in Italy,

(1) The reorganization of the crop reporting service in Italy was not undertaken solely in the economic interests of the country, but also to enable the requests of the International Institute of Agriculture, which was founded by the King of Italy, to be adequately met. More detailed information in regard to this reorganization may be obtained from the official publication of the Ministry of Agriculture: *Esperimenti di Statistica agraria in alcune provincie del Regno*, 2 Vols. (Rome, Tipogr. nazionale Bertero, 1908). A summary of this work was published in French under the title of *La nouvelle organisation de la statistique agricole en Italie* (Rome, Bertero, 1908), in order to bring the matter before interested parties abroad, and more especially for the benefit of the members of the International Institute of Agriculture.

The publication of returns collected for the *Cadasto argario del Regno d'Italia* has already been commenced, and, when completed, this work will comprise 10 large volumes. At present volume VI referring to the compartments of Marches, Umbria and Latium only has appeared, but will shortly be followed by the volume containing data for Lombardy, Tuscany and Venetia. The same bureau also publishes *Notizie periodiche di statistica agraria*, of which the volumes relative to the statistical years 1910-11 and 1911-12 have already appeared, and contain the results of the annual returns for the principal agricultural products in the three years 1909-1910-1911. (Rome, Tipogr. Bertero, 1910-11-12).

and these have been of considerable value in the compilation of the present article.

Before proceeding further we will glance at the distribution of the total area into the various classes of land :

Agricultural and Forestry Area.

	Hectares	Percent
Sown crops, pure	7,046,500	26.7
" " mixed with ligneous crops	6,639,500	25.2
Total sown crops	13,685,000	51.9
Specialized ligneous crops	1,507,900	5.7
Woods, including chestnut groves	4,563,700	17.3
Permanent meadows and pastures	5,580,100	21.3
Productive uncultivated land	1,035,000	3.9
Total productive area	26,371,700	100
equal to sq. kilometres :	263,717.00	91.9
Area occupied by buildings, rivers, lakes, roadways, railways, tramways, and naturally sterile land	sq. km. 22,965.22	8.1
Total area of the country	286,682.22	100

These new figures furnished by the Bureau of Agricultural Statistics have greatly changed the prevailing ideas with regard to the relative areas of the different classes of land, which had been founded upon earlier and faulty returns.

A considerable increase is shown in the area under pure, and mixed sown crops, which had previously been calculated as occupying some 10 million hectares only. The area under specialized ligneous crops and that under woods have also increased, while it was expected that the latter would have shown a diminution and occupy only about $3\frac{1}{2}$ million hectares. The true uncultivated area which was previously calculated at some

3,870,000 hectares has disappeared ; this figure, however, was not actually returned as sterile area, but was obtained by subtraction, being the amount remaining after the deduction, from the total area, of the sum of the other classes of land.

If the term "uncultivated area" is taken to mean land capable of cultivation, but which is left uncultivated because of the absence of labour, Italy possesses practically no such area, and indeed could not have land of this description, because of the density of the population in general, and of the agricultural population in particular. Italy is not a country of uncultivated land ; but, on the contrary, large areas which would have been better left as woods or pastures are turned into arable land. There is a large expanse of land under extensive culture to which the methods of intensive cultivation might well be applied ; here, however, we enter into another field of discussion, as this is not due to the absence of labour but to the absence of capital.

The area classed as *uncultivated productive land*, which extend to little more than a million hectares, consists mainly in woods on rocky land, land covered with sedge, heath land, valleys of cane and rushes. A part of this area might be brought under cultivation, but it would entail a large outlay of money. A certain portion of the *naturally sterile land* might indeed also be brought under cultivation, such, for example, as some of the coast land ; but this also would necessitate a large financial outlay.

The existence of large extents of uncultivated land, capable of giving profitable crops, and lying waste for the want of labour or the unwillingness of the owners to cultivate the land, is mere imagination.

Making allowance, therefore, for the necessity of planting certain cultivated lands of low fertility, with forest trees, and for the impossibility of turning certain mountainous and hilly regions into pasture land, we arrive perforce at the conclusion that agriculture in Italy lends itself readily to *intensification* but not to extension.

A few international comparisons will suffice to confirm this statement. The agricultural and forestry area in Italy occupies 92 % of the total geographical area of the country ; in Northern Italy the percentage is 87, and in Southern Italy and in the Islands it reaches 95 %. Among the countries of Europe, Italy has, despite its large extent of mountains, lakes and heaths, one of the highest percentages of productive area, being surpassed only by France, with a percentage of 95.5, Hungary with a percentage of 94.5, and Austria with a percentage of 93.7. As regards the distribution of the total area among the various classes of agricultural and forest land, the large proportion of sown area in Italy, is especially noteworthy ; this area occupies more than half of the agricultural and forest land, being some 30 % in the mountainous regions and over 70 % in the plains. This

percentage is reached only by one other European country, viz. Denmark, where the arable land is 63 % of the total agricultural and forest area. Other countries which approach this figure are : France with 48.8 %, and Germany with 48.6 %, — both countries with extensive lowlands.

With reference to the area under woodlands, Italy is very badly off as compared with other countries, although the conditions of the land in Italy are such as to require that a large portion of the country should be occupied by woods. The percentage of the productive area which is under woods amounts to only 17.3, as against 19 % in Belgium and France, 28 % in Germany, 30 % in Austria, 36 % in Servia, and 80 % in Norway and Sweden.

§ 2. *Products of the Soil; Cereals, Pulse, Potatoes, Industrial Crops, Garden Produce, Ligneous Plants, such as Vines, Olive Trees, Mulberry Trees, Citrus, and other Fruit Trees.*

The following tables give a general idea of the 20 principal agricultural products in Italy during the three years 1909-1911.

We will first consider the herbaceous crops cultivated on arable land, among which, as has already been stated, ligneous crops are also more or less intensively cultivated.

Herbaceous Crops on Arable Land.

CEREALS	Area in hectares		Production	
	of the principal crops (total area)	of the mixed or secondary crops (repeated)	Unit of measure	Average production in the years 1909-1911
<i>Cereals;</i>				
Wheat	4,751,600	—	Quintals of grain	48,642,000
Rye	122,300	—	"	1,335,000
Barley	247,600	—	"	2,273,000
Oats	514,200	—	"	5,465,000
Rice	144,500	—	"	4,642,000
Maize <i>maggenço</i>	1,550,200	—	"	23,949,000
" <i>cinquantino</i>	—	95,400	"	1,003,000
<i>Pulse for food:</i>				
Beans	661,100	—	"	5,635,000
Other kinds	442,000	300,000	"	2,646,000
<i>Tubers :</i>				
Potatoes	208,100	80,000	Quintals	12,512,000
<i>Garden Produce:</i>				
Garden produce on large areas	28,100	43,000	Francs	200,000,000
Market gardens	57,800	—		
<i>Industrial Crops:</i>				
Hemp	74,700	—	Quintals of fibre	775,000
Flax	8,800	—	"	31,000
Linseed	6,020	—	Quintals of seed	—
Sugar beet	53,100	—	Quintals of beets	* 15,000,000
Tobacco	9,000	—	Quintals of leaves	** 112,000
<i>Fodder Crops:</i>				
Natural or sown meadows in rotation, irrigated and non-irrigated . . .	2,320,900	—	Quintals of normal hay.	124,000,000
Rotation Grasses	207,400	—	"	
Grasses grown between other crops	—	207,000	"	
Mixed Crops	10,000	—	—	—
Fallow Land, grazed or not grazed, productive or un-productive. ***	2,317,600	—	—	—
Total	13,685,000	725,400		—

* Provisional figures.

** Provisional for 1910.

*** The produce obtained from Fallow Land is included under *Pastures on Land devoted to other purposes*, in the table showing the production of Fodder Crops on page 170.

Fodder is not obtained only from crops grown in rotation on tilled land, but also from permanent meadows both irrigated and non-irrigated, and from permanent pasture land, or from land grazed as a secondary use in addition to the principal use of the land. The following table shows the production of fodder from the various classes of crops :

Production of Fodder crops.

C R O P	Area in hectares		Average production for the 3 years 1909-1911, in quintals of normal hay
	of the principal crop (total area)	of the secondary crop (repeated)	
Sown and natural meadows in rotation, irrigated and non irrigated	2,320,900	—	124,400,000
Rotation grasses	207,400	—	
Grasses grown between other crops.	—	207,000	
Permanent natural meadow land .	1,381,000	—	23,200,000
Permanent meadow land, irrigated	310,100	—	22,300,000
Permanent pastures	3,889,000	—	60,800,000
Pasture on land devoted to other purposes	—	—	
Uncultivated productive land. . .	1,035,000	—	
Total . . .	9,143,400	207,000	230,700,000

In the table which follows is shown the produce obtained from ligneous crops, except woods, for which the Bureau of Agricultural Statistics has not yet published the data.

Ligneous Crops.

Crop	Area in hectares		Production	
	Specialized crops	mixed crops	Unit of measure	Average production for the 3 years 1909-1911
Vines as mixed . . .	—	3,570,400	Quintals of grapes	37,535,000
Vines as a specialized crop	880,000	* 26,800	"	31,800,000
Wine	—	—	Hectolitres	44,573,000
Olive trees as a mixed crop	—	1,794,000	Quintals of olives	6,603,000
Olive trees as a specialized crop	550,700	—	"	6,123,000
Oil	—	—	Hectolitres	2,122,000
Mulberry trees	—	—	Quintals of leaves	10,549,000
Cocoons	—	—	Kilogrammes	43,400,000
Citrus trees as a mixed crop	—	69,700	Quintals	7,958,000
Citrus trees as a pure crop	44,700	—	"	8,911,000
Fruit trees **	—	—	"	7,132,000
Chestnuts **	—	—	"	—
Various crops *** . .	32,500	—	"	—
Woods, including chestnut groves . .	4,563,700	—	"	—
Total . . .	6,071,600	5,460,900		

* Vineyards in which herbaceous crops are grown between the rows.

** The area occupied by mulberry trees, fruit trees, and chestnut trees, is not given as the two former are dispersed irregularly over cultivated land of various qualities, and chestnut trees are included with woods.

*** No annual returns are made for these crops, the area of which will not be known until the publication of the Agricultural cadastre.

A few remarks in connection with the foregoing figures will not be out of place :

Cereals. — Wheat is the most extensive not only of the cereal crops, but of all the crops under cultivation in Italy. In the 3 years 1909-1911, the following yields were obtained :

1909	51,813,000	quintals or	10.9	quintals per hect.
1910	41,750,000	„ „	8.9	„ „ „
1911	52,362,000	„ „	11.0	„ „ „
three years' average	48,642,000	„ „	10.2	„ „ „

As the yield obtained in 1910 was exceptionally low, and those obtained in 1909 and 1911 were good, though not unusually so, it may be considered that this 3 years' average represents, under the present conditions of cultivation, a fairly normal crop, which may therefore be calculated at some 49 million quintals. Similarly, a minimum harvest may be reckoned as 41 millions, and a maximum harvest at 57 million quintals. The average yield of a little over 10 quintals per hectare is very low, and seems to indicate somewhat primitive agricultural conditions, unless, indeed the fact referred to by Jacini be taken into account, viz. that wheat is cultivated under such a diversity of conditions in Italy, that the average for the whole country is void of any great significance. In Italy, wheat is not only grown in the lowlands but also in the hills and in mountain regions ; on highly fertile soil, as well as on soil of the lowest grade, and under conditions varying between purely extensive cultivation and cultivation of the most intensive order. For instance, there are localities in which the yield goes up as high as 25 quintals per hectare and others where it does not rise above 5. It should also be noted that, although Italy is an essentially mountainous country, almost one fifth of its entire productive area and more than one third of its arable land is under wheat, and, when cultivated on such a large area it is impossible to have a high average yield for this crop. In making a comparison between the wheat yields in Italy and those in other countries, it should be borne in mind that the diversity of conditions under which wheat is grown in this country, and which is not to be found elsewhere, renders impracticable any comparison based upon the average yield per hectare for the whole country ; nor indeed can a comparison be made between the yields of wheat obtained under extensive and those obtained under intensive cultivation, nor between crops in lowlands and crops in mountainous localities.

The nearest approach which Italy can show to the high yields of 25 quintals in Belgium, 22 quintals in the United Kingdom, and 20 quintals

in Germany, is the yield of $15\frac{1}{2}$ quintals obtained in the valley of the Po. (1).

Nor can it be argued that the low figure is due to a small area only being considered, for, the area under wheat in the valley of the Po is larger than the sum of the whole area under wheat in the United Kingdom and Belgium, and only slightly less than half of the total area under wheat in Germany. In the plains of Emilia alone, the area under

(1) Even when making the comparison on this basis, the inferiority of Italy's yields as compared with those obtained under more advanced methods of cultivation in the countries of Northern Europe is still evident. Under such circumstances one is prompted to ask: how is it that in a region such as the valley of the Po, where good methods of cultivation are generally considered to prevail; where large capital is applied to the management of farms; where large numbers of livestock are reared, reaching frequently an average of a head of cattle to every hectare of land; where large quantities of chemical fertilizers are used and the latest agricultural machinery and implements are adopted; where agricultural institutions flourish — how is it, one may ask that a higher yield than 15 quintals per hectare cannot be obtained?

From an enquiry organized by the Bureau of Agricultural Statistics, it results that, in the valley of the Po there are certain areas on which the degree of fertility of the soil is low, and where the more modern methods of cultivation are not adopted. There are large numbers of admirably conducted farms, but there also exists a number of farmers who still adhere to the old methods of cultivation. Among the 109 districts into which the valley of the Po was divided for the crop reporting service, there were several which, during the three years 1909-1911 reached a maximum yield of 25 quintals per hectare; but there were also many in which the minimum yield during this period fell below 10 quintals. These facts do not suffice, however, to explain the reasons for the low average yields in this region, and we must seek further for a satisfactory explanation. In the first place, the faulty system which prevails throughout Italy, of devoting too extensive an area, in the rotation of cereal and fodder crops, to the cultivation of the former, is also to be found in the valley of the Po. In the second place, there exist natural conditions which are contrary to the successful cultivation of wheat. It has also been proved that the wheat crop in the valley of the Po suffers from an excess of moisture. Not a single year passes but that fields of wheat are lodged, and the crops are attacked by rust. These conditions are aggravated by the presence of trees in the fields. To these disadvantages must be added the fact that, in the valley of the Po, as in the rest of the country, the wheat crop is exposed to the damaging effect of hot winds which blow over the country at about harvest time, causing a premature ripening of the grain.

It was proved from experiments carried out by Signor Petrobelli of Lendinara, that a field of wheat, capable of producing 25 quintals per hectare, loses, even though every care be exercised by the farmer, 6 quintals per hectare, in this way. From these facts one is apt to conclude, and not incorrectly that the wheat crop thrives best in Italy, if systematically cultivated in hilly and mountainous country. This theory is also supported by the yields of 20, 25 and 30 quintals that have been obtained on elevated land. A well known Italian agriculturist, Signor Certani of Bologna, states that, while travelling abroad, he had observed that the superiority of the wheat crops in the more northerly countries is largely due to the existing conditions favourable to the slow ripening of the grain.

wheat is equal to three-fifths of the total area under this crop in Belgium and the United Kingdom.

The crops on the hills and in the plains of Apulia should be compared with the crops of countries in which extensive cultivation is carried on. The average yield per hectare in Apulia is 10 quintals and in Hungary 12 quintals.

In the hills and the narrow valleys of northern and central Italy (although intensive cultivation is in use here to a certain extent), as well as in the provinces of southern Italy and in the Islands, the yield is very low, but does not fall beyond the average yield of other countries practising methods of extensive cultivation. In Russia, for instance, the yield is 7 quintals, in Roumania $9\frac{1}{3}$, and in the United States $9\frac{1}{2}$.

The conditions existing in Italy with regard to wheat grown in mountain regions, are scarcely ever to be found in other countries, and with the exception of a few tablelands, which are really very productive, it would be better if this mode of cultivation were entirely abandoned. If a comparison is made, not on the basis of the average yield, but of the total production, and these figures are considered in their relation to the total area of the country, and to the population, somewhat unexpected figures result; among the principal wheat importing countries of Europe (France, Germany, Austria and the United Kingdom), Italy occupies the second place, France coming first, with a production of 83 million quintals, and average per head of population of 2.13 quintals. Germany produces only 35 million quintals, with an average per head of population of 0.58; Austria 14 millions, with an average of 0.54; the United Kingdom 15 millions, with an average of 0.34, while Italy has a total production of 49 millions, with an average per head of population of 1.41 quintals.

When we consider the production of wheat in relation to the total area of the country, Italy occupies the first place, and heads the list, from this point of view, also among the principal exporting countries. Italy's production of wheat per square kilometer of the total area of the country works out at 170 quintals, that of France at 155, Hungary 110, Germany 65, United Kingdom 48, Austria 37, United States of America 17, and Russia 6.

Although Italy, therefore, cannot be classed as a country in which the cultivation of wheat has taken a very intensive form, it is nevertheless the country in which wheat cultivation has attained relatively the greatest importance in respect to the total area of the country. At the same time, considering the density of the population, and the poor quality of the soil, it furnishes relatively more wheat to its inhabitants than any other country; for, although France produces something over 2 quintals per head of population, it should be recollected that that country has a density of 74

inhabitants per sq. kilometre, and a far larger extent of lowlands than Italy, where the production reaches only 1.41 quintals for each inhabitant, but where the density of the population amounts to 121 per sq. kilometre, and one third of the total area is occupied by mountains, and another third by hills which are, to a large extent, of poor fertility.

However, Italy is still far from producing sufficient wheat to meet the requirements of its population, and even in the most favourable years is compelled to import wheat from abroad, as will be seen from the following table :

Financial Year	Estimated population — Number of Inhabitants	Home production	For Seeding purposes	Amount of home production available for consump- tion	Imports from abroad (difference between imports and exports)	Total wheat available for consump- tion	Kilogrammes of wheat per head of population
1909-10.	34,565,198	51,813	5,710	46,103	9,225	55,331	160
1910-11.	34,860,540	41,750	5,700	36,050	14,933	50,983	146
1911-12.	35,000,000	52,362	5,690	46,672	11,323	57,995	165

Glancing at the figures for imports and consumption, the question arises why the figure of imports is not in proportion to the difference between the production and the consumption. This is accounted for by the fact that in Italy the peasant consumes what wheat he himself produces, and when this amount falls short of his requirements, the deficiency is made up with other cereals and pulse ; while, when the crop produces more than is necessary for his own use, he keeps the surplus in reserve to make good the deficiency in a poor year. The same applies to commercial stocks, which always decrease when the harvest is small, and are correspondingly augmented by a relatively larger importation in years when the harvest is good.

The cultivation of *rye* and *barley*, although the latter crop is fairly extensively grown in the south, are not of sufficient importance in Italy to call for special consideration here. *Oats* are somewhat more widely grown than rye and barley, but even this crop does not hold any important position in the agriculture of the country.

Although the area under *rice* in Italy is not great, this crop merits special consideration, on account of the peculiar methods applied to its cultivation, and the high degree of intensity to which its cultivation is brought. Wherever it has been possible, permanent rice fields have now

been substituted by rice fields in rotation with fodder crops, and, among the more successful growers, extremely high yields have been obtained, reaching to as much as 60 and sometimes even 80 quintals per hectare.

Rice growing is limited almost exclusively to the valley of the Po, and principally to the provinces of Novara, Pavia, Milan, Rovigo, Verona and Bologna. In recent years, the extent under this crop has diminished, having fallen from 232,000 to 145,000 hectares.

The crop is however, more intensely cultivated now than was the case a few years since, when, on the area stated above, a yield of only 4,900,000 quintals was obtained, giving a yield per hectare of 21 quintals of paddy, while at the present time the total annual production is almost the same as previously which means that the yield per hectare has risen to 32 quintals. Despite this reduction in area, Italy has still a larger extent of land under rice than any other European country.

The cereal crop next in importance to wheat is *maize*, which is cultivated on an area equal to slightly less than one third of that of wheat, although in Liguria, Apulia, Sicily and Sardinia, the crop is almost unknown. Maize is usually the first crop put down in rotation. The largest area under this crop is to be found in Venetia, and in the province of Udine the maize crop occupies a larger area than wheat. The area under the grades *quarantino* and *cinquantina* (late crop) cultivated as a mixed crop is continually decreasing. The average yield of *maggengo* (early crop) is about 15 quintals per hectare; in Lombardy it reaches 25 quintals, and in other provinces falls as low as 10 quintals.

As will be seen, the total area under cereal crops is very large, being over 50 % of the whole area of arable land. Although this fact is explained by the density of the population, it also brings into evidence the unsatisfactory results of the course followed by the Italian farmers in abstaining from the use of chemical fertilizers.

Pulse. — The most important pulse crop in Italy is the *bean*, which in the southern provinces occupies an area equal to one seventh of the area under wheat, and in Sicily one third, substituting maize as the first crop of the rotation. Another important pulse crop is the *kidney-bean*, also grown together with other crops, and giving a total yield of over a million quintals. *Peas*, *chick-peas*, *lentils*, *lupine*, *cicer* and *vetches* are also grown. The production of kidney beans is largest in Venetia, Piedmont, Campania, Emilia and Latium, of peas in Campania and Venetia, of chick-peas in Sicily, the Abruzzi, Calabria and Sardinia, of lentils in Sicily, and of lupine in Calabria and Campania.

Potatoes. — Although the area under this crop is not very large at present, its cultivation is rapidly increasing. The crop is found principally in mountainous regions, and more especially in Piedmont, Liguria, Tuscany, Campania, Calabria, and in the Abruzzi and Molise.

Industrial Crops. — Among the industrial plants *hemp* and *flax* are of long standing, but their area is now decreasing. The area under hemp which was at one time over 100 thousand hectares has now been reduced to 75 thousand. The principal producing district is Emilia where some 44 thousand hectares are under this crop, and where the best methods of cultivation are adopted. There are also some 15 thousand acres under hemp in Campania and 9 thousand in Venetia. The cultivation of flax which is limited to Lombardy, the Abruzzi and Molise, Calabria and Sicily, is of quite secondary importance in Italy. Formerly some 50 thousand hectares were under this crop, but now the area has been reduced to 15 thousand.

Sugar beet is a crop of comparatively recent introduction, and the national sugar industry, encouraged by an import duty on all sugar of foreign origin, amounting to some 20 francs per quintal more than the tax on the national product, now supplies almost the entire quantity consumed in the country. A further development of the sugar industry is hindered by a heavy tax, which brings the price of sugar in Italy up to a higher figure than in any other country, and consequently limits its consumption. Another fact limiting the production of sugar beet, is that favourable conditions for the development of the cultivation of this crop exist only in those regions, which are already experienced in the cultivation of industrial crops, and are limited almost exclusively to Venetia and Emilia.

The cultivation of *tobacco*, for which figures have been supplied by the Administration of Government Monopolies, remained almost stationary during the 30 years 1871-1899, the average annual production being 51,000 quintals. The period of minimum production was between 1887 and 1891 when only 27,000 quintals were produced annually. The maximum production was reached in 1876-1881 and 1896-1899 when the annual production was as much as 59,000 quintals. During the 10 years 1900-1909 the area and production increased considerably. The area under crop in 1900 was 4,635 hectares and in 1909 it had increased little by little to 8,226 hectares; the annual gross production during the first quinquennial period averaged 56,000 quintals, and during the second it increased gradually from 73,645 quintals in 1905 to 108,039 quintals in 1909. The average yield per hectare during the 10 years varied between 10 and 13 quintals. In 1910 the area increased to 8,770 hectares, and the production of leaves to 122,400 quintals.

Garden produce. — Few other products have such great interest for Italy as garden crops, which are particularly favoured, especially in the south of the country, by the peculiarly propitious soil and climatic conditions.

Garden produce is grown in so-called "market gardens," i. e. on ground which is permanently devoted to the production of garden produce, and

which is usually situated in the vicinity of large towns or farm houses, and is also cultivated on large fields in rotation with other crops. The principal garden produce grown in large fields in Italy are tomatoes, (produced for the greater part in Campania and Emilia — especially at Parma), cauliflowers, onions and garlic, melons, water-melons, asparagus (which is a speciality of Piedmont, Liguria and Venetia), artichokes, cardoon, celery, and fennel. The province occupying the foremost place as a grower of garden produce is Campania, where the mildness of the climate permits early crops to be obtained, this being one of the most favourable conditions to the development for the cultivation of garden produce.

As the figures showing the extent of land under garden produce grown on a large scale may be of some interest, we reproduce them in the following table; it should, however, be pointed out that the figures are largely approximate.

	Quintals
Asparagus	67,000
Artichokes	618,000
Cabbage and Cauliflower	2,308,000
Onions and Garlic	584,000
Cardoons, Celery and Fennels	209,000
Tomatoes	4,106,000
Melons and Water-melons	1,834,000
Various garden produce	1,394,000

The amount of 200 million francs estimated as (see page 169) the value of the production of market produce in market gardens and on larger fields in rotation, should be taken as a *minimum*.

Ligneous Crops. — The first among the ligneous crops is the *vine*, which is widely cultivated throughout the whole of Italy.

Two distinct methods of cultivation are followed: in one, the vines are grown in rows, trained on poles and are cultivated together with other ligneous or with herbaceous plants; on the other system, the vine becomes a specialized crop, and is grown alone, or with a few other ligneous or herbaceous plants, which, however, in this case, are of quite secondary importance. The figures of the mixed and specialized crops are shown below:

Year	Mixed Crop Quintals	Specialised Crop Quintals
1909	51,384,000	44,544,000
1910	24,901,000	21,835,000
1911	36,121,000	29,019,000

The mixed crop is to be found in northern and central Italy, and the specialized crop in Southern Italy and the Islands. The provinces in which viticulture, and consequently the wine industry, are of greatest importance as regards both quantity and quality are: Piedmont, the wines of which have become famous, and approach most nearly to the French wines; Tuscany, the dry Chianti wines of which have acquired a world-wide market; Latium, where the vines of the "Castelli Romani" although consumed for the greater part locally, have also gained favour with foreigners; Campania, where the famous Falerno and Capri wines are produced; Apulia, where the fine coloured wines are rich in alcohol, and Sicily, which, in addition to producing many good wines, such as those of the Etna regions and the moscata wines of Syracuse, supplies the whole world with the famous Marsala wines.

Both viticulture and the wine industry have in recent years made good progress in Italy, the former more so however than the latter, for though an excellent raw material is available, full advantage is not always taken of this fact, and the resulting product does not reach that point of perfection which would be both possible and desirable. In 1910, when a very poor vintage was obtained, the production of wine was 29,293,240 hectolitres, and in 1911, 42,654,100 hectolitres.

Second among the ligneous crops comes the *olive tree* with its production of *olives* and *olive oil*, which is limited however, to a few localities. For excellence of quality, Liguria and Tuscany stand first, while for the quantity produced, Apulia, Calabria and Sicily head the list. It is to be regretted that the cultivation of the olive tree is decreasing in Italy; this is due to the numerous attacks of various diseases, which cause the growers to neglect the existing crops, and arrest the plantation of new oliveyards.

The production of olives during the past 3 years was as follows:

Year	Mixed Crop Quintals	Specialised Crop Quintals
1909	7,709,000	7,329,000
1910	4,609,000	4,789,000
1911	7,276,000	6,253,000

The production of olive oil in 1910 was 2,422,300 hectolitres.

There has also been a decrease in the cultivation of mulberry trees, and the rearing of silk worms, as will be seen from the following figures:

Year	Mulberry Leaves Quintals	Cocoons Kilogrammes
1909	11,335,000	48,413,000
1910	10,253,000	43,327,000
1911	10,059,000	38,580,000

The principal region of silk-worm rearing is Lombardy, followed by Venetia, Piedmont, Emilia, Calabria, Tuscany, and the Marches. Practically no rearing is done in other provinces.

The cultivation of citrus trees prevails principally in Sicily, which produces alone three quarters of the whole Italian crop. Next in importance come Calabria, Campania, and Liguria; the crop in the rest of Italy is insignificant. The principal crop in Sicily is lemons, the production of which reaches $3\frac{1}{2}$ million quintals as compared with the total production of $5\frac{1}{2}$ million quintals. Oranges take the lead in Calabria and Campania. The above provinces produce some 3,800,000 quintals of lemons, 2,900,000 quintals of oranges, and 500,000 quintals of mandarins, 400,000 of which come from Sicily.

The production of fruit, which is of great economic importance in Italian agriculture, and indeed should hold a yet more important position, also as the basis of the preserved fruit industry, was calculated by the Bureau of Agricultural Statistics in 1909 at 264 million francs, and in 1910, at 259 million.

The production of the various kinds of fruit in 1911 was as follows:

	Quintals
Apples, pears, quinces and pomegranates .	2,126,000
Pulp fruit	768,000
Dried figs and prunes	710,000
Various fruits	1,786,000
Almonds and nuts (including hazel nuts) .	1,583,000

Fruit trees are rarely grown as a specialized crop in Italy, but are to be found dispersed among crops on arable land, and in market gardens and vineyards.

The chestnut crop of Italy is the production of 652,000 hectares of chestnut woods, of which some 500,000 hectares are reserved exclusively to chestnut trees. The production in 1909 was about 7 million quintals, in 1910, 6 millions, and in 1911, 8,290,000 quintals. The production of chestnuts is largest in Tuscany, and is also of importance in Piedmont and Liguria, these three provinces producing about $\frac{3}{4}$ of the whole Italian crop.

§ 3. *Livestock Improvement.*

The production of fodder crops is not, in itself, of great importance, but assumes a more noteworthy position in the feeding of stock. We will therefore turn our attention to the quantity and quality of the live stock raised in Italy. The returns of the census taken in February 1908, give the

following figures for the total number of the various kinds of live stock existing at that date:

	Total	Per sq. kilometre	Per 100 inhabitants
Horses	955,878	3.33	2.82
Asses	849,723	2.96	2.51
Mules and Hinnies	388,337	1.36	1.15
Horned Cattle	6,198,861	21.62	18.28
Buffalos	19,366	—	—
Pigs	2,507,798	8.75	7.40
Sheep	11,162,926	38.94	32.92
Goats	2,714,878	9.47	8.01

These figures are certainly not very satisfactory, and show the inferiority of Italy in matters of stock raising as compared with other agricultural countries. As regards the number of horses, Italy occupies the fifteenth place on a list of 20 European countries; the only countries having a smaller production per sq. kilometre, being Switzerland, Sweden, Spain, Finland, and Norway. Italy occupies the first place, however, for mules, hinnies, asses; but the thirteenth place for horned cattle, being far preceded by Belgium (61.54 per sq. km.) and slightly outdistanced by France (26 per sq. km.), but precedes Hungary, Roumania, Spain, Russia in Europe and Poland, Switzerland, Ireland, and Norway. In respect to pigs, Italy occupies the thirteenth place; Luxemburg has 51.84 per sq. km., and Great Britain which most nearly approaches the Italian figure, 12.24. Italy comes fifth in regard to sheep, being preceded by Bulgaria (127.54 per sq. km.), Great Britain (117.63 per sq. km.), Ireland (49.24 per sq. km.), and Roumania (43.16 per sq. km.), and is third on the list for goats, Bosnia coming first, with 28.31 per sq. km., and Bulgaria second with 21.71 per sq. km. Although these figures show that live stock improvement in Italy does not occupy such a position as the statics of agriculture would require, and is insufficient to meet the needs of the population, it is nevertheless encouraging to notice that during the period between 1881 and 1908 an increase has occurred in the number of livestock, and although this increase is not so large as might be desired, it is yet significant and gives hopes of better

results in the future. The following table shows the increase during these 18 years:

	Census				Increase shown by the census of 1908
	of 1876 or of 1881		of 1908		
	Total	Per 100 hectares of the agricultural and forest area	Total	Per 100 hectares of the agricultural and forest area	
Horses	657,544	3	955,878	4	298,334
Asses.	675,246	3	849,723	3	175,477
Mules and Hinnies	293,868	1	388,337	1	94,469
Horned Cattle . .	4,772,162	18	6,198,861	24	1,426,699
Buffaloes	11,070	—	19,369	—	8,296
Pigs	1,163,916	4	2,507,798	10	1,343,882
Sheep	8,596,108	33	11,162,926	42	2,566,818
Goats.	2,016,307	8	2,714,878	10	698,571

§ 4. Value of Agricultural Production.

In order that the reader may be able to form a general idea of the importance of the agricultural and forestry production of Italy, including animal products, and the products of agricultural industries, we will now proceed to give the results of calculations, which have recently been made, of the value of the agricultural products of Italy. It should however, be borne in mind that these calculations are only approximate.

At the time of the constitution of the Kingdom of Italy, Mæstri estimated the gross value of the agricultural production of the Kingdom at 3,000 million francs, which works out at about 115 francs per hectare of productive area. At the same time the gross value of the agricultural production of France was estimated by Lavergne at 5,000 millions which works out at some 100 francs per hectare.

Later on the agricultural production of Italy was calculated at 5,000 millions, which gives an average of 190 francs per hectare. It may be considered that this estimate represents the agricultural conditions existing about the year 1885, that is, a quarter of a century after the constitution of the Kingdom. In 1876, Lavergne estimated the gross production of

France to have risen to 7,500 millions, and in 1891, Levasseur estimated it at 13,000 millions, i. e. about 240 francs per hectare. From more recent, though somewhat vague, estimates, the present gross production in France is reckoned to be between 15,000 millions and 18,000 millions, i. e. between 300 and 360 francs per hectare.

A recent calculation by the Bureau of Agricultural Statistics, which, however, must be taken as a very rough estimate, gives the value of the total agricultural and forest production at about 7,000 million francs, or an average per hectare of 290 francs.(1)

It may be justly remarked that this relatively high estimate is in contrast with the low degree of fertility of a large part of the soil of Italy, and with the low yields of individual crops which, as has been stated above, are largely grown in mountainous regions; and one is apt to ask how it is possible to reach such a figure as 290 francs per hectare, in a country where the yield of wheat figures at little more than 10 quintals per hectare. This apparent anomaly may be explained by the large number of mixed crops grown, and by the great diversity of the products of the Italian soil and of the agricultural industries in this country. The intensity of Italian agriculture cannot be calculated upon the basis of a single crop, but must be computed from the total of the large variety of crops which the farm affords.

(1) For the purposes of this estimate, which was carried out in 1910 by the Bureau of Agricultural Statistics, the country was divided into a number of provinces, which were again subdivided into "regions" (mountain, hill, and plain), and upon the basis of the results obtained from a study of 73 typical districts, which are believed to represent all the different agricultural conditions to be found in Italy, a lump sum was attributed to each of the regions above mentioned. Upon this principle, the total value worked out at 6,814,000,000 francs, which sum included not only the products of the soil, but also products obtained in the transformation of the original products for use in stock raising, as well as animal products, products of the wine and olive oil industries, and of silk worm rearing. If to the above sum be added the value of the production of poultry and eggs, the total figure would exceed 7,000 millions. A calculation based upon another method of estimation gave the total of 6,798 million francs, which, added to the value of poultry and eggs, would also exceed 7,000 millions.

Since the above estimates were made, the Bureau of Agricultural Statistics has published the returns of the Agricultural Survey for the three provinces of the Marches, Umbria, and Latium, for which a new estimate has now been made, applying the same system as was previously applied to a few typical districts to the whole of the 80 districts of the three provinces. This new estimate places the value of the production in the three above mentioned provinces at 702 million francs, as compared with 618 millions obtained from the original calculation. This, however, does not signify that the value of the production in the rest of the country would be proportionately increased, for it is not improbable that some provinces would show a decrease. See *Annuario statistico Italiano*, second series, Vol. I. 1911, page 110. (Rome, Tipogr. Bertero, 1912)

On some areas yielding less than 10 quintals of wheat per hectare, the ligneous plants scattered among this crop yield on an average as much as 500 francs per hectare.

§ 5. Imports and Exports of Agricultural Products and Farm Requisites.

It will not be out of place to supplement these estimates of production with a few remarks in connection with the imports and exports of produce of agriculture, and pastoral and forest industries during the twelve years 1900-1911, especially as the figures of this more recent period, which are based on an improved system of customs statistics, are more reliable than those of earlier date.

If we were to consider agriculture together with the pastoral and forestry industries as one large undertaking, which we will call rural economy, and this latter as a part of a more complex whole consisting of production and consumption, which we will call national economy, we are obliged to admit that Italian rural economy fails to supply all the needs of the national economy. The demand for agricultural products (both in the natural state and partly manufactured), and for forest and animal products, which necessitated in 1900 the importation of goods to the value of 452 million francs has been gradually increasing, and in 1909 necessitated the importation of products to the value of 1,021 millions. It is not, however, necessary for rural economy to supply this need in a direct manner, but it suffices that a corresponding value of home produce be exported to foreign countries. This compensation was only recorded in Italy in 1900 when the value of produce exported reached 494 millions as compared with imports to the value of 452 millions. Although, since this time, the value exported has been continually increasing, having reached 670 millions in 1907, and 768 millions in 1911, the inferiority of the exports as compared with imports has also increased.

From these figures, however unsatisfactory they may seem at first glance, it cannot be concluded that rural economy has not made satisfactory progress in Italy; the only conclusion that can be drawn is that national economy has not progressed in proportion to the increase in home consumption, due to the growing population, and to the increased wealth derived from other sources. An analysis of the figures of imports and exports of the various classes of products, will immediately bring to light the specific causes of the above inferiority.

We give, below, two tables, the first of which shows the figures of imports and exports of agricultural products compared with the figures showing the "special" commerce in all products, and in the second the

figures of imports and exports are shown for the various classes of products.

*Trade in Agricultural Products
Compared with the Total Trade of the Country.*

Year	Trade in Agricultural Products				Total Trade (Special Trade — Excess of imports over Exports (excluding precious metals)
	Amount		Excess		
	Imports	Exports	of Imports	of Exports	
1900	451,602,831	493,164,658	—	41,561,827	361,989,412
1901	535,915,496	477,495,635	58,419,861	—	334,030,698
1902	572,363,053	512,310,263	60,052,700	—	279,757,561
1903	596,598,246	554,649,039	41,844,207	—	320,387,920
1904	512,761,641	538,382,869	—	25,621,278	304,951,789
1905	594,189,942	579,147,940	15,042,002	—	310,457,603
1906	676,554,385	621,425,214	55,129,171	—	608,402,174
1907	627,480,819	670,339,702	—	42,858,883	931,801,002
1908	731,518,663	602,868,645	128,650,018	—	1,184,011,152
1909	973,201,062	652,782,983	320,418,079	—	1,244,820,885
1910	1,006,948,963	764,040,861	243,908,102	—	1,165,998,585
1911	1,021,244,653	768,119,437	253,175,219	—	1,188,781,142

Value of Imports and Exports of the Various Classes of Agricultural Products during the Five Years 1907-1911

	1907		1908		1909		1910		1911	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.	Millions of fra.
Natural Products of the Soil. . .	271.8	251.0	286.0	187.6	444.3	263.6	489.1	266.4	484.0	288.4
Products of the Soil, partly manufactured . . .	18.9	222.9	31.2	212.2	58.6	192.6	53.0	282.4	52.4	257.6
Products of Woods and of Forestry Industry	119.4	7.2	138.1	8.1	160.3	6.0	157.3	7.7	154.8	8.9
Live Stock and Animal Products .	217.4	189.1	276.2	195.1	310.0	199.6	307.5	207.5	330.0	213.1
Total . . .	627.5	670.2	731.5	603.0	973.2	661.8	1,006.9	764.0	1,021.2	768.1

V. — A General Review of the Present Agricultural Situation in Italy.

§ 1. *The Predominance of Cereal Crops.*

We will now proceed to take a general glance at Italian agriculture as it stands at the present time. The above analysis of the figures of production for individual crops, has confirmed what we endeavoured to bring out in the early part of this article, viz. the great diversity of conditions under which Italian agriculture is performed. If it be desired to classify these conditions according to latitude, the three principal distinctions which would have to be made would be, northern agriculture, southern agriculture and the agriculture of the islands.

If, on the other hand, the classification be made according to altitude, the divisions would be: agriculture in the mountains, agriculture in hilly regions, and agriculture in the lowlands. The most prominent characteristic of Italian agriculture, is therefore variety, not only of climate and soil, but also of agricultural methods, and consequently, at the same time, of problems to be solved.

Despite this great variety of conditions there are still certain general characteristics which run through the whole of Italy, and though, of course, they are present to a different degree according to circumstances, they are to be found both in the north and in the south, and in mountains, hills and plains. One of these characteristics is the absolute predominance of the cultivation of wheat over that of all other crops. In this respect, the agriculture of the present day does not differ from that of fifty years ago. In all parts of Italy, cereal crops occupy more than half of the arable land, and throughout the country, the proportion of arable land is greater than in almost any other European country, although scarcely any of these are so mountainous as Italy, and almost all of them are more favoured by natural conditions from an agricultural point of view, than this country.

We do not have to seek far for the reason of this predominance of cereal crops, and of the large proportion of agricultural land; the explanation is to be found in the density of the population, which at the present time is 121 inhabitants per square kilometre, and in the predominance of the agricultural over the urban population. There are, however, other causes, such as the large number of small holdings, and of small fields cultivated, and the fact that the greater part of the land is cultivated by the owners themselves or by farmers who receive a part of the crop by way of remuneration for their work. The inevitable result of these conditions

is that a large proportion of the population consume the produce which they themselves have grown, and therefore grow such crops as will supply the primary needs of existence, in preference to those which would be required in order to obtain the most profitable results from the farm. It is of interest to note that no less than two-fifths of the cereal production of Italy are directly consumed by the grower.

§ 2. *The Multiplicity of Crops, and their Intermingling in Cultivation.*

The economic conditions mentioned above, give rise to another general characteristic of Italian agriculture, viz. the multiplicity of crops and their intermingling in cultivation. This characteristic is brought into prominent relief by the agricultural survey, the results of which are now being published by the Ministry of Agriculture. There is not one of the 695 districts, into which the country has been divided which does not grow some scores of different crops. Even in regions which are noted as growing specialized crops, this expression must be taken in quite a relative sense. In such cases, the growing of mixed ligneous and herbaceous crops is excluded, but a variety of ligneous crops on the same soil is still to be found, and this also applies even when the crops are classed as vineyards, olive-yards, fruit gardens, plantations of citrus trees, etc. Nor do these expressions always exclude the possibility of the simultaneous cultivation of herbaceous crops between the ligneous plants, this method of cultivation being sometimes even applied in thickly planted vineyards. Mulberry trees and fruit trees are scarcely ever grown as a pure crop, but are generally to be found dispersed more or less regularly over ploughed fields. Cereals, pulse, industrial crops and fodder crops follow each other in irregular succession, and are grown together with various ligneous crops. All these are normal examples of Italian agriculture, and should not be considered among those exceptional cases, which are to be found in the neighbourhood of Naples, where the double intermingling of several different herbaceous and ligneous crops reaches an almost incredible complexity.

This cultivation of mixed crops is not without harmful effects, being against the principle of specializing crops, which in modern cultivation is the first essential to a high yield, and the effects of which are also beneficial to agriculture. On the other hand, it must be recognized that the presence of a large variety of crops on the farm also has appreciable advantages; for, a succession of several different crops serves to supply continual occupation for the farmer, and every crop being subject to the vicissitudes of weather conditions, and to damage from disease, a multiplicity of products guarantees a certain compensation, and forms a sort of insurance against complete failure.

§ 3. *The Excessive Area of Arable Land, and Consequent Damage; Deforestation.*

The predominance of the cereal crops, and the necessity for the farmer to work as much land as possible and to extract his own food from this land, gives rise to another characteristic of Italian agriculture. In no other country has cultivation been extended to such high levels and to such hilly ground as in Italy, encroaching upon land which, for natural reasons, should have been allowed to remain under forests, or been reserved for pastures. This detrimental incursion is the cause of the impoverishing of large areas of fertile land, and of the destruction of entire groups or chains of hills, especially among the spurs of the Apennines, where deforestation has caused the soil to lose its tenacity. And this is not the only harm done, for the interruption of streams and the alteration of the course of rivers has resulted in considerable damage to lower lying areas. This regrettable fact, which is considered to be one of the greatest misfortunes of Italy, is not of such recent origin as is believed by many, and the blame can neither be attributed to the present nor to the preceding generation. A large portion of the forests of the Apennines was destroyed in remote times, and did not fall to the forester's axe, but was burnt down in order to give place to arable land the fertility of which lasted but a few years. But this does not diminish the harmful and regrettable effect of such conditions, nor obviate the necessity of repairing the damage, and of reestablishing the natural order of things. However, by reestablishing the natural order, we do not mean that agriculture and grazing in mountain regions should be entirely abandoned, for this would entail expelling from these regions, the whole of the population now resident there, and dependent to a large extent upon the produce of this soil for its sustenance. Reestablishing the natural order of things does not mean to cover, as some seem desirous of doing, the whole of the country with forests. On the contrary, forests, economically considered, are a necessary ill, to which we should submit only to such extent as their conservation or reconstruction is necessary to maintain the consistency of the soil. If this end could be attained by some other means, so much the better. Where conditions exist which enable pasture or meadow land, and even field crops to subsist without danger of destruction, it would be foolish not to take advantage of the much larger profit that can be obtained from these uses of the soil. Especially mountain pastures and meadow land, which might be accorded a much better treatment than is given them at present, constitute a necessity for the feeding in the summer months, of the live stock which are reared in the hills and lowlands, and therefore form an indispensable element in the agricultural economy of Italy, even in regions where agriculture is carried on with intensive methods of cultivation.

§ 4. *The Disproportion between the Area under Cereal and Fodder Crops.*

We have already stated that the variety of the conditions to be found in Italian agriculture is not exclusively due to influences of climate and soil, but also to the adoption of widely divergent systems of farming. It sometimes occurs that, within the confines of the same province or of the same region, farms are to be found upon which the most intensive methods of cultivation are adopted and where the gross yield exceeds 1,000 francs per hectare, while at a short distance farms with extremely "extensive" methods exist which do not yield more than 100 francs per hectare. These conditions continue to persist despite the untiring efforts which are being made to effect an agricultural reform in this respect, the realization of which seems to be persistently postponed by some invisible force.

However, with all this variety of systems and different degrees of cultivation it is still possible to trace some general lines and common characteristics. The predominance of the cereal crops, to which we have already referred, and which prevails throughout the whole system of agricultural economy in Italy, creates a corresponding deficiency in the cultivation and production of forage and consequently in the raising of livestock, thus producing a disproportion which resolves itself into a regrettable violation of the laws of agricultural statics. Although considerable progress has been made during the past 20 years, Italy is still one of the most backward among European countries in regard to stock raising, and this deficit in live stock does not find even an approximate compensation in the larger proportion of cereal crops grown.

This disproportion exists throughout the country, although to a greater or lesser extent according to the different localities. It exists in northern Italy, and also to a lesser degree in the Valley of the Po, where the most efficacious application of technical and economic methods suggested by modern science is being made, and where intensive cultivation is being practised in its most developed form. The disproportion exists to an even more marked degree in central Italy, where small holdings prevail, and where what agriculturists have termed an "active" cultivation is practised, which means that in order to meet the necessity of providing occupation for a large population, the soil is cultivated in such a manner as to require a large amount of manual labour. It is, however, in Southern Italy and in the Islands that this disproportion reaches its maximum; in these regions, cultivation, at least as far as herbaceous crops are concerned, is essentially of the "extensive" class, and, for a large part, exists conjointly with grazing runs.

§ 5. — *The Most Productive Soils of Italy have been Created by Man.*

Having considered the various systems of cultivation and the various degrees of "intensity" applied, we arrive at another characteristic of agricultural economy in Italy — a point which, if not altogether ignored, has at least not been regarded in such an important light as it should be. We refer to the fact that, wherever highly productive soils are found in this country, these soils are never of natural formation, but have been artificially created at the expense of large capital and the work of many centuries. In lower Lombardy, not only is the ingenious and complex system of irrigation the work of man's hands, but the soil itself has been artificially formed by covering tracts of barren gravelly land, and draining marshes. In the whole of the Polesine and of Ferrarese, had artificial means not been adopted for rendering the soil productive, the fertile fields which now cover these areas would be but a series of marshy valleys the only use of which would be for canegrowing and fisheries. In Southern Italy and in the Islands, the luxurious vineyards, and the plantations of citrus and almond trees, and the large market gardens represent an enormous amount of labour which has been applied to the transformation of the soil, less known in this case, on account of it having been carried out by the growers themselves, but none the less important for that fact.

For these reasons the degree of productivity of the soil, has been proved to be in proportion to the cost, not only the present cost of cultivation, but also expenses incurred in the past in rendering the soil productive. It has been estimated that the irrigation works in lower Lombardy originally cost no less than 1,000 million francs for work carried out on an area of 900 thousand hectares. In raising the land of the lower Bolognese, and arranging this into farms, the expenses incurred reached from 1,500 to 2,000 francs per hectare. If this transformation were to be carried out to-day, and to be done with the same rapidity as is demanded now in all such undertakings, the expenses incurred, would reach a very much higher figure, and in all probability the enterprise would be an unprofitable one. In agricultural undertakings in the past, a secure investment for capital was more sought after than a high rate of interest on the amount invested. The love of the soil and one's own farm frequently led to the investment of capital in but slightly profitable undertakings. It may therefore be concluded that the soil of Italy, in the most favourable conditions of fertility, has often cost an outlay equal to its present value, or at least, that it is worth to-day the amount expended, in bringing it into its present condition. In short, it is worth the *cost of production*, and, not infrequently, even less.

§ 6. *The Splitting up of Large Estates.*

This last consideration throws an interesting light upon agricultural problems which remain to be solved in the future. This, however, does not mean that no further agricultural progress can be made without the application of large capital. On the contrary, there are transformations which can be undertaken with quite modest means, and will give profitable results if this small capital is applied in the proper manner. In fact, it may be said that, with the exception of large undertakings for hydraulic fertilization, it is unnecessary to apply large sums of money to this transformation unless it is desired to carry out the whole work immediately and *à coup d'argent*.

In agriculture progress is necessarily slow, and money should be laid out a little at a time, with care and patience. It would almost seem that Nature resents any violence or any sudden change, and that she will only co-operate in this work of transformation if treated with gentleness and perseverance. In many cases the work is therefore accomplished without any previous accumulation of capital, and solely by the investment of small sums of money annually, which may be saved out of the ordinary profits of the farm, or by a more thorough working of the soil than would be made in the ordinary way. Otherwise it would be difficult to understand how, in such a poor country as Italy, and in times when capital was a great deal scarcer than now-a-days, it was possible to enter upon such enormous works of transformation, and such great undertakings the results of which still benefit the present generation.

These facts must not be ignored by anyone, seeking a solution of what may be considered to be the greatest problem of modern agricultural economy in Italy, viz. the splitting up of large estates. In regard to this problem there exist such a number of erroneous ideas, and such useless proposals are being made, that we cannot refrain from referring to the matter here, not with the intention of examining all the various phases of the question, and thus arriving at a complete solution of the problem, but only with the intention of adding a necessary factor to the general view of Italian agricultural economy which we have undertaken to expose.

When we speak of large landed estates, what we really intend are large tracts of land stretching as far as the eye can see, the whole owned by one man, and either by the desire of the owner or by reason of the absence of the requisite labour or capital, remaining almost or entirely uncultivated, although the land and the soil possess all the qualities necessary for immediate and profitable cultivation. With this conception of the landed estate it is easily understood that the present conditions of

the ownership of land, are the principal if not the exclusive cause of the soil remaining almost or entirely unproductive, and that all that is necessary for the transformation of these desert tracts into fields of luxuriant vegetation, is to split up the large estate into a number of small holdings, and distribute these among farmers willing to cultivate them.

There are, however, two points in this connection which will immediately present themselves to the shrewd observer. One of these is that large estates seldom consist of land lying at one and the same level, and of soil of a uniform composition ; but on the contrary the conditions of soil, and sometimes also meteorologic conditions are of the most varied order.

There are some estates which reach from the sea level to the summits of mountains sometimes over a thousand metres high. Although the low-lying portions of such estates consist of rich alluvial soils, where intensive cultivation could be successfully practiced, there are also parts where the inclination is too steep for cultivation, and others where the soil is of low fertility, and the most profitable use to which these can be put is wood land or pastures. Among these areas, certain portions might be found which are particularly adapted to the specialized cultivation of ligneous crops which however could not be profitably extended to other areas.

It is therefore obvious that under such conditions the splitting up of the large estates into small holdings to be let to farmers on long or short lease would be contrary to technical principles and to the economy of agriculture, and would in addition be anything but advantageous from a social point of view.

The other fact to be considered is this : The large estates do not consist for the greater part of uncultivated land, but, with a few exceptions, the whole area is put to some use ; so that the management of large estates, at least in its old form, represents in itself a special type of agriculture. " Extensive " cultivation is generally to be found, carried out on mixed arable and grazing lands, preference being given to whichever of these is most suited to the soil, or whichever is most likely to answer the requirements of the market. Pasture land prevails in the *Agro Romano*, and in Sardinia, and cereal crops in Sicily. In any case, both labour and capital are applied to these large estates, and often with the greatest foresight and care, which those who regard the matter in a merely superficial manner are loth to admit. We do not however intend to dispute the possibility of an advantageous splitting up of these large estates, and of a more profitable utilization of the soil, both from a private as well as from a public standpoint ; but it is best not to expect too much in this direction, in order to avoid disappointment which the laws of economy may cause in the eventual results. This transformation would have to be made, not according to some abstract idea of the matter, but on the basis of a sound agronomic and economic criterion, backed by a knowledge of the adapta-

bility of the soil, of the cost of the work of transformation, and of the demand for the produce on the market.

The discussion of this question brings us into a larger field of possible transformation, beyond that of the large estate, to which agriculture in Italy would lend itself.

It has already been shown that a further increase in the agricultural production of Italy does not depend upon the extension of the area under crop, but upon the more efficacious use of the area already cultivated, and, therefore, upon a larger investment of capital. A general idea prevails, however, that land can be brought under intensive cultivation with the expenditure of far less time and money than is actually the case, and by the adoption of methods which correspond neither to the natural local conditions nor to present economic exigences ; this idea is grossly erroneous both as regards method and means.

Many believe also, that, in order to achieve the desired result, there is just one simple course to be taken, *viz.* to follow the examples set by the countries where intensive cultivation has lately been introduced. But this indiscriminate adoption of agricultural methods has never given, and will never give, satisfactory results unless all existing conditions are equal in both cases. This is a teaching which was bequeathed to us by Arthur Young, and to which more attention should have been given. It would be interesting to know whether, were he still living, he would practice in England to-day the system which he advocated a hundred years ago. To apply the *métairie* system of Tuscany to the large estates of Sicily ; to attempt to fertilize the *Agro Romano* by the *marcita* and *bergamina* methods of Lombardy ; to extend the old type of the farms of Bologna to the newly fertilized soils of Emilia, far from constituting a progress, might be nothing less than a gross social and economic blunder ; for, the conditions of the soil, and the moral disposition of the labourers change from district to district, and the costs of systematization and the demands of those engaged in the work vary from one year to another. The advantages of yesterday may easily prove to be the defects of to-day, and relations which were formerly regarded as conducive to peace, may result to-day in irremediable social trouble and unrest. We would however repeat that we do not desire to affirm the impossibility of a satisfactory solution of the problem, but this solution must come of a careful study of the conditions of each particular case in which the small parcelling is to be carried out, and must be based upon sound technical reasoning, and the economical principles of modern science.

Conclusion.

In summing up, it may be said that the defects in Italian agriculture, to which we have referred in the preceding pages, serve to point out the course which should be followed in making any changes or improvements. The task at present to be performed is to remedy important *material defects* and reduce the *economic disproportion* which exists.

The material defects may be remedied by the systematizing of the upper courses of the rivers, and by the reconstruction of the forests where the presence of the latter is indispensable in order to retain the consistency of the soil, not merely with the idea of eliminating an ill which also affects the land lying below, but also with a view to laying the foundation of a new and profitable economic development. The mountains of Italy, especially in the peninsular and in the islands, should form, so to speak, one huge sponge, destined to collect all the rain which falls over those areas, and to distribute this as occasion demands, thus overcoming the greatest enemy of the agriculture of the south, viz. drought. Fresh green grazing lands should be made to substitute the present arid tracts of mountain land, thus remedying in part that lack of proportion existing between the area under cereals and that under fodder crops, which is evident throughout the whole of Italy, and bringing about more rational relations between these two areas, aided where possible by irrigation, and by other works carried out with a view to preserving the humidity of the soil. In the meantime, the object which should be the aim of every Italian farmer, and towards the acquirement of which he should direct his whole energies, whether in mountain, hill or plain, in north or south, is to further in every possible way the rearing of live stock.

This increase in stock raising will not only prove itself to be a more fruitful source of production, but also the means by which the whole farm, invigorated and better regulated, will prove more productive in all its branches.

But the increase in live stock should by no means be the cause of the abolition or diminution of the employment of mineral manures, which must still remain an important factor in the increase of the farmer's profits. On the contrary it should be the means of pointing out the way to obtaining the maximum advantage from these manures, from a technical and still more from an economic standpoint. Mineral fertilizers form in themselves an important stepping stone towards that equilibrium between the various branches of the farm towards which the energies of every Italian farmer

should be directed, and it is impossible to overestimate the advantages to be gained from their use (1).

Some may think that the Italian farmer would do well to direct his energies towards another goal than this, and consider that Italy is destined to become the great garden and orchard of Europe. Although this is a point which is worthy of a certain degree of consideration, it is, as often happens, quite over-estimated and out of all proportion. If Italy were to place another million hectares under garden produce and the intensive cultivation of ligneous crops, the European markets would be so inundated with these products that it would be difficult to find a sure outlet for the production. In order not to repeat the errors, which were committed in this respect, with regard to viticulture, it should be remembered that such a transformation in agriculture must depend on the fluctuations of production and of foreign consumption, and the contemporary development of many agricultural industries. In any case, even if such a project were carried out, the problem of the best method of utilization of the greater part of the Italian soil would still remain.

The cultivation of ligneous crops and garden produce constitutes a valuable factor in Italian agricultural economy, and represents a natural privilege of which the country should not fail to take advantage, but these factors are not such as to be able to replace other principal crops. The basis of agriculture in Italy, as well as in any other country, consists in the proportionate combination of cereal crops and live stock improvement, a proportion which is imposed not only by the technical principal of equipoise between the different branches of agriculture, but also by the economic demands of home consumption, bread and meat being the two essential foods of man.

To-day Italy has 5,700,000 hectares under wheat which give a production of only 50 million quintals of grain. When this area is reduced to 3½ million hectares and gives a production of 70 million quintals, and at the

(1) According to a calculation made by the *Federazione italiana dei concorsi agrari* in Piacenza, the national consumption of chemical fertilizers is as follows :

	Total consumption	Consumption per hectare of cultivated area
Phosphates quintals	10,986,350	0.526
Nitrates "	788,270	0.038
Potash "	136,300	0.006

These figures denote a considerable progress as compared with previous figures, but indicate at the same time that there still remains a good deal to be done.

same time the present number of live stock has been increased by one third, then the equilibrium in Italian agriculture will have been re-established, and the country will be in a position to adequately meet its own needs in supplying the essential foods for its inhabitants, and will become enriched through the proceeds of the exportation of those products, both of the soil and of agricultural industries, of which through peculiar conditions of soil and climate it has a special abundance.

In order to reach this end, the assistance of the State is necessary, and it is to be hoped that more successful results will be obtained in this connection in the future than has been the case in the past. In such an undertaking, however, the hearty co-operation of the whole country and especially of the farmers is essential, and it is believed that the latter will do their utmost to render all the assistance in their power, for, although the previous attempts of the Government were not as successful as they might have been, it must be admitted that the farmers rose to the occasion and did not fail to profit where this was possible. Though this was the case to a different degree in the various provinces, it was nevertheless evidenced among all classes, both rich and poor, and by the expert agriculturist as well as by the humbler farmer.

The poor peasant, compelled by necessity to emigrate to foreign countries, has, in the majority of cases, not only succeeded in improving the conditions of living for himself and his family, but has also been so thrifty as to be able to lay by a little capital, with which, upon his return home, to procure for himself a sure and better living, at the same time increasing the national capital, upon which the redemption of Italian agriculture so largely depends. It has been recently authoritatively demonstrated that the amount of money sent home annually by the Italian emigrants is not less than 450 million francs. And this is due to the emigrant's affection for his family and for his native country, which he feels more keenly for his separation from them.

The position adopted by the land owners and the large farmers is none the less worthy of praise; for, although among this class there are persons whose estates are poorly and carelessly cultivated, in the same way as among the working classes exist riotous and unsatisfactory characters, it would be unjust not to recognize that almost wherever one goes excellent farms exist which would successfully compete with any to be found abroad, both as regards the application of technical principles as well as in their economic management. At the time of the Agricultural Enquiry, Stefano Jacini stated that the feeling of discouragement which reigned among the various agricultural classes on account of the decadence of Italian agriculture, was not due to the fact that a certain amount of progress was not still being made, but that the progress was no longer such as to preserve

Italy's primacy in agriculture and to enable her to compete with other countries.

Italy feels that she should be a great agricultural country — a feeling born of the glorious traditions of the past. The enthusiasm with which the country acclaimed the initiative of her King in the foundation at Rome of the International Institute of Agriculture is sufficient proof of this fact. The Italian people appreciates the value of being considered an eminently agricultural people, for agriculture in Italy carries with it the fact of having overcome, by dint of remarkable perseverance, every kind of natural difficulty.

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INTERNATIONAL INSTITUTE OF AGRICULTURE

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THE INTERNATIONAL INSTITUTE OF AGRICULTURE

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It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

(a) Collect, study, and publish as promptly as possible, statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets.

(b) Communicate to parties interested, also as promptly as possible, the above information.

(c) Indicate the wages paid for farm work.

(d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective.

(e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit.

(f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses, or by congresses of sciences applied to agriculture or agricultural societies, academies, learned bodies, etc.

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11	Cuba	V	C. M. DE CESPEDES Y QUESADA, Minister plenipo- tentiary of Cuba to H. M. the King of Italy.
12	Denmark	IV	A. DE OLDENBURG, Secretary to the Danish Legation to the Italian Government.
13	Ottoman Empire	I	Dr. MEHMED DJÉMI, BEY.
14	Egypt	II	B. CHIMIRRI, Delegate of Eritrea and Ital- ian Somaliland.
15	Ecuador	V	A. NORERO, Minister plenipotentiary of Ecua- dor to H. M. the King of Italy.
16	Spain	I	ENRIQUE RODRIGUEZ DE CELIS, Agricultural Engineer.
17	United States . .	I	DAVID LUBIN.
18	Ethiopia	V	Prof. G. CUBONI, Director of the Station of Plant Pathology of Rome.
19	France	I	LOUIS-DOP, Vice-President of the Institute.
20	Algeria	V	LOUIS-DOP, Delegate of France.
21	Tunis	V	LOUIS-DOP, Delegate of France.
22	Great Britain and Ireland	I	H. G. DERING, Counsellor to the British Embassy to the Italian Government.
23	Australia	IV	H. G. DERING, Delegate of Great Britain and Ireland.
24	Canada	II	H. G. DERING, Delegate of Great Britain and Ireland.
25	British India . .	II	H. G. DERING, Delegate of Great Britain and Ireland.
26	New Zealand . .	IV	H. G. DERING, Delegate of Great Britain and Ireland.
27	Mauritius	V	H. G. DERING, Delegate of Great Britain and Ireland.

	States adhering to the Institute	Groups in which the adhering States are classified	Names and Rank of the Delegates
28	Union of South Africa	IV	H. G. DERING, Delegate of Great Britain and Ireland.
29	Greece	IV	D. CACLAMANOS, Chargé d'affaires of Greece to the Italian Government.
30	Italy	I	Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute.
31	Eritrea and Italian Somalland	IV	B. CHIMIRRI, Member of Parliament.
32	Japan	I	NAOTOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government.
33	Luxemburg . . .	V	O. BOLLE, Delegate of Belgium.
34	Mexico	II	G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy.
35	Montenegro . . .	V	G. VOLPI, Director General of the Monopolies of the Kingdom.
36	Nicaragua. . . .	V	V. E. BIANCHI, Consul General of Nicaragua at Rome.
37	Norway.	IV	Dr. A. FJELSTAD, Agricultural proprietor.
38	Paraguay	V	Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici (Italy).
39	Holland	IV	H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy.
40	Peru	V	Dr. M. M. MESONES.
41	Persia	IV	A. DEL GALLO, Marquis of ROCCAGIOVINE.
42	Portugal	IV	LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon.
43	Roumania. . . .	I	DEMETRIUS C. PENNESCO, Councillor of the Roumanian Legation to the Italian Government.
44	Russia	I	His Excell. G. ZABIELLO, Consul General of Russia at Rome.
45	Salvador	V	A. BALLO, Acting Consul General of Salvador at Genoa.
46	San Marino . . .	V	His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy.
47	Servia	III	C. SCOTTI, Consul General of Servia at Rome.
48	Sweden	IV	Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy.
49	Switzerland . . .	IV	J. B. PIODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy.
50	Uruguay	V	P. REQUENA BERMUDEZ, First Secretary to the Uruguay Legation to H. M. the King of Italy.

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

I. — CURRENT QUESTIONS.

The Work of the Central Co-operative Bank of Prussia.

Sources :

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The Central Co-operative Bank of Prussia (Preussische Central-Genossenschafts-Kasse) is by far the most important central institution for the encouragement of co-operative credit. Its official character, the large endowment it has received from the State, which founded and manages it, its action in the distribution of credit, and its influence on the co-opera-

tive life of the country and the great services it renders above all to the cause of agricultural co-operation give it quite a special place in the organization of credit and the economic life of the nation. The circumstances that led to its foundation and the objects attributed to it by the law have already been set forth in the monographic study on agricultural co-operation published by us in our first bulletin (September, 1910). Further particulars on the subject will be found in our article on the central banks of the German co-operative societies, in our number for September, 1911. We now propose to study with greater attention its principles and its action, relying above all on the figures provided in its annual reports.

§ 1. *Means of Action.*

The money by means of which the Central Co-operative Bank of Prussia carries on its operations consists of its own funds and borrowed capital.

The former have been almost entirely supplied by the State. It received an initial endowment of 5 million marks by law of July 31st., 1895. This fund was added to by three later laws (July 8th., 1896, April 20th., 1898, July 13th., 1909) and raised to 20 millions on July 8th., 1896; 40 millions, May 20th., 1898; 50 millions, April 1st., 1899; and 75 millions, December 31st., 1909. According to a declaration made at the beginning of this year by a representative of the Government in the Landtag, it is very improbable that the amount will be further increased in the future. In fact, the principal object of the Central Co-operative Bank of Prussia is not to grant subventions, but to help the co-operative societies to develop and grow strong so that they may satisfy their need for credit by borrowing from each other. Thanks to the marvellous progress of co-operation and in particular of the credit co-operative societies of Germany, the object is not far from attainment. It even often happens that the money deposited in the Prussian Central Co-operative Bank by societies that possess surplus funds is enough to more than meet the applications made by societies in need of credit.

The law permits the organisations for the sake of which the Prussian Central Co-operative Bank was founded, that is to say the federations and central banks of the co-operative societies, to contribute to the formation of its capital as an investment for their funds. Thus, since April 1st., 1905, nine central banks have subscribed shares to the total value of 2.4 million marks. At present there are only 6 central banks that have shares in it, as one was dissolved in 1908 and two others ceased to have relations with the Prussian Central Co-operative Bank on April 1st., 1911. Consequently the amount of these shares has fallen to 800,000 marks.

The Central Co-operative Bank of Prussia has, in addition, a reserve fund constituted of accumulated percentages of the profits made in the course of its existence. In 1911 this fund amounted to 7.5 million marks.

The capital really belonging to the Bank is therefore 83.3 million marks. The borrowed capital amounted at the closing of the accounts for 1911, (March 31st., 1912), to 97.1 million marks. It is made up of credit balances in current account, deposits accepted in conformity with the law of 1895 and sums borrowed from the Imperial and other Banks. We shall deal with it in the following sections.

§ 2. *The Field of Action.*

According to the law of July 31st., 1895, the mission of the Central Co-operative Bank of Prussia is the encouragement of the organisation of personal credit under the form of co-operation. It must occupy itself both with urban and agricultural credit. However, the local credit co-operative societies cannot apply to it directly, at least for their credit requirements; they must have recourse to the medium of federations or central banks.

The law of July 31st., 1895 authorised the Prussian Central Co-operative Bank to grant loans only to the registered federations or central banks of the co-operative societies and to the loan banks in connection with the *Landschaften* or *Ritterschaften* or those founded by the provinces. It may also accept deposits in money from these organisations. This field of action may be extended by Royal Decree to certain classes of public savings banks.

For the facilitation of the accomplishment of its tasks the law has permitted the Bank to conduct some accessory operations. It may open deposit and cheque accounts, receive savings deposits, rediscount its bills of exchange and contract loans so as to utilise its credit; it may employ its available capital in discounting commercial bills, lending on security of stock or of goods and purchasing documents of title; it may, finally, buy and sell stock on the exchange for third parties. As regards these operations the circle of its customers is unrestricted.

Since January 1st., it has had its place among the banks entitled to receive in deposit moneys held by the courts and in trust for minors. In this connection, on March 31st., 1912, it was in relation with 245 customers, including private persons and public bodies.

We must further mention that the Bank has an important statistical office which, among other publications, issues annually "*Mitteilungen zur deutschen Genossenschaftsstatistik*".

§ 3. Operations conducted with Federations and Central Banks of Co-operative Societies.

The most important group of the customers of the Central Co-operative Bank is that of the federations and central banks of the co-operative societies. We give below, for certain years, their number with the number of adhering co-operative societies and that of the members of these latter, showing separately the rural and urban organisations.

Federations and Central Banks.

Year	Rural			Urban		
	Number	Adherent Societies	Members	Number	Adherent Societies	Members
1895 . . .	20	3,415	288,123	2	35	14,774
1900 . . .	33	7,689	665,688	18	350	97,312
1905 . . .	33	13,491	1,184,102	18	421	88,475
1907 . . .	34	14,872	1,396,858	20	481	122,251
1908 . . .	33	11,227	1,074,081	20	501	139,113
1909 . . .	33	11,556	1,124,760	19	534	149,241
1910 . . .	33	11,802	1,174,345	19	560	165,643
1911 . . .	26	7,555	798,542	20	582	178,040

The first observation suggested by these figures is that the Bank serves the farmers much more than the artisans and small dealers of the towns. This is due to the hostile attitude of a large number of the urban co-operative societies and above all of the large General Federation of Co-operative Societies (Schulze-Delitzsch system), which has never ceased, on principle, to combat the intervention of the State in the field of co-operation.

It is further observable that the regular increase in the number of agricultural co-operative societies which have recourse to the Central Co-operative Bank of Prussia has been twice interrupted. In 1908 it lost the custom of the National Bank of Co-operative Societies (Reichsgenossenschaftsbank) at Darmstadt (now at Frankfurt on Main), which ceased to be in relation with it when, from being a co-operative society it

became a society limited by shares, and at the same time withdrew its share of the capital. Last year, the central institution of the Raiffeisen organisation, the Central Agricultural Loan Bank for Germany (Landwirtschaftliche Zentral-Darlehnskasse für Deutschland), to which 4,468 local banks are affiliated, ceased, together with some other federating banks of the Raiffeisen organisation, to be members of the Central Co-operative Bank, in consequence of a disagreement.

This loss will however be to a large extent compensated for by the adherence of the central banks of the agricultural co-operative societies of Hesse, Baden, Alsace-Lorraine, and Oldenburg, which has recently taken place with the consent of the National Bank of Co-operative Societies, which up to then had served as their central bank. In the future, therefore, the action of the Central Co-operative Bank of Prussia will not be limited to Prussian territory.

The task assigned to the Central Co-operative Bank of Prussia was at first very difficult. There were no examples or experience anywhere by which it could be guided. To attain its object,⁽¹⁾ which is to grant agriculture and small industry credit corresponding in its amount, its term, and the lowness and invariability of the rate of interest, to their special needs and characters, it had to have recourse to quite new methods. It had above all to get the principle of co-operation admitted as a basis for credit on the general money market. It has completely succeeded in this as we shall show.

The basis of all reasonable credit must be, of course, the security offered by the borrower. The Central Co-operative Bank has not sought to set aside this principle. It has, on the contrary, taken care to apply it rigorously with regard to the co-operative societies. In this way even it has obtained for them the credit they have the right to demand by virtue of the real and important guarantee they present by their organisation.

Practically there is always a great difficulty: it is that of calculating exactly the value of this guarantee. This is, together with the relative want of fluidity of the assets of the co-operative societies, the reason why they only received an insignificant credit from the large banks.

In the case of a society limited by shares the bases of credit are easy enough to appreciate. In such case, the capital of the society is seen from the balance sheet, provided this is made out conscientiously. But the case is different in a co-operative society, the financial position of which is based generally less on its paid up capital than on the limited or unlimited liability of its members.

(1) See Die Preussische Central-Genossenschafts-Kasse von 1895 bis 1905, page 33.

The Central Co-operative Bank of Prussia has overcome this difficulty. Before opening an important credit for a central bank, it enquires into its "Haftfähigkeit," that is the real value ("Vertretbarkeit") in case of liquidation or failure, of the liability ("Haftsummen") assumed by the members in the local co-operative societies and by these in their central banks. The Central Bank, for this purpose, makes use of information supplied, with the general authorization of the Minister of Finance by the presidents of commissions entrusted with the assessment of taxation. In making use of this information it naturally takes into account that members of unlimited liability co-operative societies are liable for the engagements of the society to the extent of their whole estate, whilst in limited liability co-operative societies each member only engages a certain part of his estate.

There is no need to say that it would be imprudent to grant credits up to the extreme limit. The Central Co-operative Bank, of Prussia, on the contrary, makes certain deductions in order to fix the amount of the credit it may grant without running any risk. In the case of unlimited liability co-operative societies, it only takes into consideration the tenth part of the total property of the members; in that of the limited, it deducts 25 % from the amounts guaranteed represented by the property of the guarantors, in view of the possibility that some of the members will not be able to meet their engagements. Supplementary allowances are made for special reasons, for example, in the case of the borrowed capital (deposits, etc.), being out of proportion to the real capital of the society, or in the case of the members being also liable for the engagements of other societies, or the societies being similarly liable for those of other federations or central banks than that applying for credit.

The limit of the credits may be still further lowered by the application of the principle that their amount must never exceed ten times the real capital of the bank making application. The Central Bank of Prussia, thus, in the interest of the solidity of the co-operative system, exerts pressure on the societies to make them increase their capital and their reserve funds.

The Bank also reduces the limit of credit when it perceives that the central banks take advantage of the system of liability to increase their credit unduly. This is another measure it takes both in the general and in its own interest.

On the other hand, in exceptional circumstances, it grants supplementary credits to repair the consequences of a bad harvest or other agricultural distress, as in the years 1901-1903 and 1911.

The basis of credit thus determined naturally undergoes continual modifications due to changes in the number and property of members.

It has therefore to be continually controlled. The central banks and the federations are consequently obliged, every year, to present to the Central Co-operative Bank of Prussia their own and their affiliated banks' balance sheets or accounts with the documents necessary for their auditing.

Besides the blank credit based on the principle of liability, the Central Bank of Prussia, like the ordinary banks, grants credits on special securities such as documents of title, mortgages, the surety of guarantors, etc. But it does not encourage such operations. It only conducts them when they are justified by the circumstances and it is not preferable to attain the same end by the increase of the liability or of the capital of the co-operative society, in sufficient degree to increase the ordinary credit.

It also advances money on security of goods (wheat, sugar, alcohol, butter, etc.).

With regard to the form of the open credits, the Central Co-operative Bank considers as far as possible the conditions and uses of its customers. The principal form is that of current account. In the earlier years of its activity all credits guaranteed by the liability of the banks were granted in this way. Competent authorities, questioned in anticipation of the foundation of the institution, had declared the current account the only form suitable for farmers and artisans. A credit of fixed maturity was considered to be incompatible with the kind of business done by these classes.

To prevent the risk of the immobilisation of credits in current account, the Central Co-operative Bank watches that the deposits and withdrawals are real and not fictitious. Nevertheless, it soon found itself obliged, with the development of business, to habituate its customers to the use of bills of exchange, in order to keep in touch with the money market and avoid too great immobilisation of capital. It divided the credits it opened into two classes, one in current account, the other by means of bills of exchange to be rediscounted, drawn by the central bank on its affiliated societies and accepted by these. This innovation met with active opposition from the customers concerned, but gradually the farmers and artisans have become accustomed to bills of exchange.

In fixing the rate of interest, the Central Co-operative Bank of Prussia also considers the special conditions of its customers. The farmers and artisans who must generally content themselves with small profits and whose capital invested in industry gives only slow returns, require a low and unvarying rate of interest so as to be able to make their calculations. They could not support the frequent and considerable fluctuations in the rate of interest on the general money market. The Central Co-operative Bank of Prussia takes account of these conditions and tries to maintain an average rate of interest.

It has often been requested to lend at a very low and never varying rate of interest. But it could not satisfy such requirements, first because

it has to pay suitable interest on the capital advanced by the State and also because it has need of the money market, sometimes for the investment of its available funds and sometimes in order to obtain capital. It can only emancipate itself from the ordinary conditions of interest if its own capital or its deposits suffice to satisfy the demands for credit. It is precisely one of its chief duties to act as intermediary between the co-operative societies and the money market.

From the 1st. October, 1902, the Central Co-operative Bank has not charged or given all the central banks the same rate of interest. Those who undertake to avail themselves exclusively of it as intermediary for their banking business, receive a treatment of favour. This undertaking of exclusive dealing (*Ausschliesslichkeitserklärung*), may be partial or total. When it is partial, the central banks only oblige themselves to deposit their available funds with the Prussian Central Co-operative Bank. When it is total they engage also not to apply to others for credit.

Applying different conditions according as the banks do or do not undertake to deal exclusively with it, the Prussian Central Co-operative Bank tends to hinder the savings made by co-operation from being employed otherwise than for the extension of the movement itself. It has besides a legitimate right to be not only made use of as a source of credit, but also to be assisted in its work by those who have recourse to its services. As to the engagement to apply to it exclusively for credit, it has, like any other bank, an interest it is very easy to understand in preventing its debtors from weakening their solvency by debts contracted unknown to it. It is then only just that it should ask a higher rate of interest from those who wish to preserve their liberty and only apply to it when its conditions, even when not conditions of favour, are more favourable than those of the general market, and we can only approve its reduction of the amount of credit granted by an eighth in such cases.

After these explanations of a general character we shall pass to an examination of the statistics in order to give a more accurate idea of the work of the Central Co-operative Bank of Prussia.

It will be interesting first to see by means of a practical example on what data it establishes the amount of credit it may grant the federating banks. We give the figures for the year 1909-1910, the last available. They only refer to such banks. It would take us too long if we also occupied ourselves here with those for the local banks, although they form the fundamental basis of the credits granted to the federating banks. They may be found in the "*Mitteilungen zur deutschen Genossenschaftsstatistik*," published annually by the Prussian Central Co-operative Bank.

		Federating Banks	
		rural	urban
Adherent Societies		7,247	537
Number of Shares		157,530	5,718
Liability	Mks.	239,660,500	17,831,000
Own capital	"	23,557,971	2,975,729
Borrowed capital	"	208,839,787	8,845,017
Securities	"	19,296,053	167,688
Total credits	"	231,999,099	11,820,746
Profits	"	1,773,925	160,588
Losses	"	407,659	—

We now give some tables, in which we summarise the principal figures for credit operations.

Credits opened to Federations and Central Co-operative Banks.

Year	Federations and Central Banks	Number	On the Guarantee of Liability (1)			On Special Guarantees	
			Total Amount of Liability	Credit in Current Account	Credit in Discount Account	Credit in Current Account	Credit in Discount Account
			(Thousands of Marks)	(Thousands of Marks)	(Thousands of Marks)	(Thousands of Marks)	(Thousands of Marks)
1896	rural	25	23,897	19,537	3,170	534	—
	urban	9	1,180	715	241	843	740
1900	rural	33	88,625	28,301	30,645	450	679
	urban	18	8,112	2,237	2,504	33	1,678
1904	rural	32	166,884	25,207	30,825	252	4,143
	urban	19	11,214	2,255	3,846	—	3,135
1908	rural	33	217,967	29,211	51,952	1,686	7,288
	urban	20	16,338	2,799	6,779	—	2,869
1909	rural	33	239,660	26,648	61,478	1,674	9,635
	urban	19	17,831	2,572	7,787	—	2,436

(1) Among the rural central banks in 1900 there were 4, and from 1904 to 1910 there was one (The Central Agricultural Loan Bank for Germany, limited by Shares), not of Co-operative form. For this reason, the amounts of liability shown in the table are less than the real amount of guarantee on which the credits were based.

Credits Received.

Year	Banks	Daily Average of Credits Opened		Daily Average Amounts of Credits Received		Proportion of Credits Received to Credits Open	
		Current Account	Discount Account	Current(1) Account	Discount Account	Current Account	Discount Account
		(Thou- sands of Marks)	(Thou- sands of Marks)	(Thou- sands of Marks)	(Thou- sands of Marks)	%	%
1906	rural . . .	28,242	46,415	13,395	21,358	47.43	46.02
	urban . .	2,540	8,160	1,820	6,498	71.66	79.64
1907	rural . . .	25,711	60,069	19,003	36,809	73.93	61.28
	urban . .	2,601	9,238	2,139	7,781	82.22	84.23
1908	rural . . .	28,799	55,826	12,709	26,580	44.13	47.61
	urban . .	2,655	9,865	1,458	7,751	54.94	78.57
1909	rural . . .	28,883	57,941	7,342	14,493	25.42	54.97
	urban . .	2,659	10,370	1,462	7,611	25.02	73.42
1910	rural . . .	27,146	61,667	9,115	12,815	33.58	20.78
	urban . .	2,475	11,124	1,439	8,355	58.13	75.11
1911	rural . . .	26,086	64,828	11,127	22,780	42.65	35.14
	urban . .	2,430	11,471	1,426	8,948	58.70	78.07

We see from this table that the urban banks avail themselves of these credits to a larger extent than the rural banks.

The following table gives the total figures for the different operations conducted by the Prussian Central Bank with the co-operative federations and central banks.

(1) The average daily amounts entered to the credit of the banks in current account were (in Thousands of Marks).

Working year	1906	1907	1908	1909	1910	1911
Rural Banks .	2,657	1,409	7,889	11,618	11,022	6,588
Urban	335	104	653	650	11,718	7,167

Year	Discount Operations										Current Account	Advances on Security
	Rural Banks					Urban Banks						
	Number	Bills Discounted		Average Maturity	Number	Bills Discounted		Average Maturity	Total Deductions	Millions of Marks		
		Number	Amount (Thousands of Marks)			Number	Amount (Thousands of Marks)					
1902	21	6,588	72,443	83.4 days	17	12,462	20,773	63.7 days	273.5	0.5		
1903	19	5,272	57,187	80.6 »	19	11,103	21,946	65.1 »	288.1	7.0		
1904	18	6,284	29,256	78.6 »	17	12,863	25,530	66.3 »	350.7	4.5		
1905	21	6,987	73,226	70.7 »	18	14,744	29,375	62.5 »	399.8	2.4		
1906	22	8,693	111,123	72.6 »	16	14,625	35,019	66.3 »	435.7	6.4		
1907	24	11,205	175,796	75.5 »	16	17,070	40,766	69.8 »	513.4	33.2		
1908	23	10,322	114,767	79.5 »	15	17,651	40,737	67.3 »	502.5	9.8		
1909	24	8,656	68,784	78.0 »	17	20,411	43,133	64.7 »	553.7	8.5		
1910	24	8,514	63,006	74.3 »	17	22,440	46,704	64.4 »	728.1	12.0		
1911	25	14,284	111,192	77.5 »	19	26,409	52,020	63.1 »	899.3	4.5		

We here give the engagements entered into with the Prussian Central Bank by the co-operative federations and central banks as they appeared at the end of each working year (March 31st.).

Year	Bills of Exchange Discounted	Credits in Current Account	Advances on Security	Acceptances (1)
1899	6,798,496	22,144,556	249,392	—
1901.	12,932,208	24,038,379	634,665	192,650
1903.	19,032,058	10,138,481	190,133	1,442,675
1905.	14,543,760	7,783,592	465,249	1,340,893
1907.	27,900,074	21,316,850	541,467	1,149,375
1908.	41,743,405	24,838,425	6,461,392	1,327,395
1909.	21,397,405	15,912,091	321,846	3,699,572
1910.	23,479,685	17,473,120	1,184,215	3,601,249
1911.	22,074,488	15,532,129	2,622,223	3,877,579
1912.	41,911,712	19,468,843	2,739,956	3,268,226
(1) This column includes drafts accepted on security by the Central Co-operative Bank of Prussia, when it stands security for the adhering banks in case of extension of time granted them for the payment of taxes, transport charges and other obligations.				

An examination of the rate of interest charged by the Central Bank of Prussia shows us that it really tries to give credit on conditions more favourable than could be obtained elsewhere.

It asks a very unvarying rate on credits in current account from the banks that have undertaken to deal with it exclusively. At the same time the rate is almost always very low. It is fixed every half year, but since October 1st., 1898, it has always been $3\frac{1}{2}$ %. Before that date it was

3 %. This rate is $\frac{1}{2}$ % higher than that paid on deposits of the affiliated societies in current account. (1)

The rate of favour for discounting bills of exchange has been since 1900 generally $\frac{1}{4}$ % lower than the official rate of the Imperial Bank. The Banks that have engaged to deal exclusively with the Prussian Central Bank have even enjoyed, since the 1st. November, 1904, a rate of favour of $\frac{1}{2}$ % below the official rate. These reductions are however only granted when the official rate is not below $3\frac{1}{2}$ %, which it has not been for years. The official rate is charged without distinction on all bills for the last ten days of their maturity, the minimum term for which the Imperial Bank discounts.

Credits to banks that have not engaged to deal exclusively with it are given at the official rate.

The rate for credits secured on pledge was up to October 1st., 1897 the same as that for credits in current account. Since that date the same rate has been charged as is charged by the Imperial Bank, that is to say, 1 % more than the official rate of discount.

The following table shows the average rate of discount at the Imperial Bank, the Berlin Exchange (private discount) and the Central Prussian Bank (rate of favour).

We think it will be interesting to give also the figures in the reports up to 1907 for the average rates the affiliated banks would have had to pay the Central Bank of Prussia, if they had profited by the whole amount of their credits in current account and discount granted on the security of their liability.

(1) When the deposits of a bank exceed the amount of credit opened to it in current account, the Prussian Central Bank obtains for it, at its request, the most profitable investments in bills of exchange of the first rank or renewals.

Average Rates of Discount.

Year	Imperial Bank (Official Rate)	Berlin Exchange (Rate for Private Discount)	Central Bank of Prussia		
			Rate of Favour	In case of Complete Utilisations of the Credits Opened	
				on Conditions of Favour	not on Conditions of Favour
1895	3.51	2.67	—	3.—	—
1896	3.79	3.15	3.79	3.01	—
1897	3.74	3.06	3.74	3.05	—
1898	4.57	3.88	4.57	3.68	—
1899	5.24	4.57	5.18	4.04	—
1900	5.10	4.15	4.85	4.07	—
1901	3.73	2.66	3.59	3.55	—
1902	3.43	2.27	3.33	3.41	3.68
1903	3.91	3.17	3.70	3.60	3.91
1904	4.13	2.96	3.82	3.67	4.15
1905	4.20	3.23	3.89	3.70	4.35
1906	5.41	4.35	4.38	3.96	5.41
1907	6.01	5.02	5.38	4.54	6.01
1908	4.17	2.94	3.67	—	—
1909	4.07	3.07	3.66	—	—
1910	4.38	3.58	3.97	—	—
1911	4.53	3.69	4.09	—	—

As the affiliated banks do not take full advantage of the credits opened to them, and naturally prefer the form which is at the moment

most advantageous, the interest really paid by them is lower than that indicated in the two last columns of the above table.

Average Rates of Interest Really Paid on the Credits Given.

Year	Rural Banks		Urban Banks	
	Current Account	Discount	Current Account	Discount
1906 . . .	3.65 %	4.83 %	3.89 %	4.18 %
1907 . . .	3.68 %	5.62 %	3.83 %	4.76 %
1908 . . .	3.51 %	4.01 %	3.63 %	3.43 %
1909 . . .	3.53 %	3.65 %	3.58 %	3.51 %
1910 . . .	3.55 %	4.04 %	3.57 %	3.75 %
1911 . . .	3.55 %	4.33 %	3.59 %	4.07 %

This table includes all the banks which have received credit, without distinguishing those that have received favourable treatment. It is, however, well to make this distinction in order to see at what rates the banks that have promised exclusive dealing obtained their credits. The reports only supply the information for certain years.

Average Rates of Interest Really Paid.

Year	By Banks Receiving Treatment of Favour				By Banks Not Receiving Treatment of Favour			
	Rural Banks		Urban Banks		Rural Banks		Urban Banks	
	Current Account	Discount	Current Account	Discount	Current Account	Discount	Current Account	Discount
1906 . .	3.5 %	4.22 %	3.5 %	3.5	6.62 %	5.58 %	6.93 %	5.65 %
1907 . .	3.5 %	5.13 %	3.5 %	3.5	6.34 %	6.05 %	6.01 %	5.98 %
1908 . .	3.5 %	3.28 %	3.5 %	3 —	4.50 %	4.39 %	4.93 %	5.45 %
1909 . .	3.5 %	3.16 %	3.5 %	3 —	4.42 %	4.13 %	4.04 %	3.71 %

From these tables we see that the conditions offered by the Central Bank of Prussia are more advantageous than those offered by other banks. Yet it must be taken into consideration that the peasants and artisans pay higher rates on account of the intervention of the federating banks and local banks.

§ 4. Operations with the Banks in connection with the *Landschaften* or *Ritterschaften* and those founded by the Provinces.

The business the Central Bank of Prussia conducts with these institutions is not of great importance. The total credit opened by it in 1911 with the 8 banks in connection with the *Landschaften* and the six similar institutions founded by the provinces in relations with it, amounted to 10,280,000 marks, 5.9 million marks in current account and 4,380,000 in discount account. This credit is proportioned to the capital with which the corporations founding them have endowed them.

The following table gives the principal figures of their business operations with the Central Bank of Prussia.

Total Loans			Loans on March 31st. (End of Working Year)			Deposits in Current Account — (March 31st)
Year	Current Account	Advances on Security	Year	Loans Current Account	Advances on Security	
1901 . .	83,178	141	1902 . .	1,611	—	4,154
1904 . .	55,914	129	1905 . .	1,464	—	949
1907 . .	33,275	3,929	1908 . .	2,041	460	119
1910 . .	49,227	1,007	1911 . .	2,127	—	306
1911 . .	49,732	441	1912 . .	2,684	—	118

We see by the figures for 1911 that the credits granted have been taken little advantage of. We have not shown the discount business, because it has completely ceased. In 1901 it amounted to 905,000 marks, in 1902 to 773,000 and in 1903 to 59,000 marks. Since then only one bill was discounted, in 1907, for 30,000 marks.

The part played by these institutions on the credit market is, besides, of small importance. They serve chiefly for banking operations for the organisations by which they have been founded.

§ 5. Operations with the Savings Banks, Communes and Miscellaneous Customers.

The number of Savings Banks and Communes in relation with the Central Bank of Prussia has constantly increased, especially since 1907. From 171 on March 31st., 1897 it rose to 429 on March 31st., 1907 and to 917 on March 31st., 1912.

The Central Bank of Prussia above all offers them a favourable opportunity for the temporary investment of their available funds. Since 1907 it has undertaken to transfer deposits from one bank to another without charge and with no loss of interest.

It grants them, besides, loans on the security of stock etc.

Many savings banks and communes have also recourse to it for purchase of securities and investments in bills of exchange of the first rank.

The miscellaneous customers consist of independent co-operative societies and persons. On March 31st., 1912 their number was 550. The Central Bank of Prussia accepts deposits from them and grants them loans on security. When the condition of its business permits, it also discounts their commercial bills.

All these operations, equally with the investment of money on the Exchange, in private discounts or renewals, and loans from the Imperial Bank or other banks are, however, for it merely accessory operations, to facilitate the accomplishment of its principal task. As we have already said in our general account (§ 2.), it is not and does not wish to be an ordinary bank. That does not prevent its relations with the savings banks being important in themselves, for the customers of those banks belong principally to the town and country middle classes and the work of the Central Bank of Prussia is essentially one for the encouragement of the middle classes.

Here are the principal figures indicative of the importance and development of these operations.

Year (1st April-31st March)	Advances on Security				Balance of Deposits at the End of the Working Years (31st. March) Withdrawable	
	to Savings Banks etc.		to Other Customers			
	Total	Balance (31st. March)	Total	Balance (31st. March)	on Demand	on Notice
	Thousands of Marks	Thousands of Marks	Thousands of Marks	Thousands of Marks	Thousands of Marks	Thousands of Marks
1897	9,221	800	1,278	213	9,421	755
1901	5,711	740	6,852	359	24,363	8,934
1905	21,052	3,950	17,002	867	21,378	2,372
1909	63,838	11,139	18,233	2,361	38,443	57,298
1910	49,878	8,860	23,671	1,282	38,408	40,874
1911	76,674	15,020	10,552	3,094	42,522	39,895

<i>Bills of Exchange</i>	31st. March, 1902	1906	1910	1911	1912
Discounted to Various Customers (Thous- ands of Marks)	47,956	38,221	29,078	24,882	22,526

§ 6. General Survey.

Having now treated in detail the principal operations conducted by the Central Prussian Bank with the various groups of its customers it will be well to give a table showing its total business.

The total amount of its operations has greatly increased. From about two thousand million in 1897 it rose to four thousand million in 1900, to eight thousand million in 1902, twelve thousand million in 1905 and sixteen thousand and three hundred and ninety eight million in 1911. These figures give an approximate idea of the growing importance of the institution in the field assigned to it.

The total of credits and debits has also greatly increased. From about 50 million marks on the 31st. March, 1897 it rose to 128 million on the 31st. March, 1902, to 152 million on the 31st. March, 1905. On the 31st. March 1912, it was 187 million, after having been 216 million the previous year. We give here the principal credit items, according to their facility of realisation, together with the debit items representing obligations towards third parties.

ASSETS (*Arranged according*

Year (31st. March)	Investments of First Bank							
	In Hand and in Banks		Commercial Bills		Treasury Bonds		Operations in course	
	Thous- ands of Marks	% of Total Credits	Thous- ands of Marks	% of Total Credits	Thous- ands of Marks	% of Total Credits	Thous- ands of Marks	% of Total Credits
1897	1,642	3.32	2,242	4.54	—	—	521	1.05
1901	16,702	16.58	35,372	35.11	—	—	578	0.57
1905	33,724	22.14	67,756	44.48	10,665	7—	781	0.51
1909	38,686	24.65	50,834	32.39	2,931	1.87	1,457	0.93
1910	70,171	35.14	40,272	20.17	3,077	1.54	1,373	0.69
1911	105,538	48.79	39,827	18.41	3,077	1.42	2,621	1.21
1912	58,679	31.32	38,938	20.78	19,617	10.47	1,562	0.83

LIABILITIES (*Obligations towards Third Parties Only*).

Year (31st March)	Credit Current Account	Debts to Banks	Deposits	Total of Real Debts	Credits in Current Account not utilised	Total Liabilities
(Thousands of Marks)						
1897	851	19,843	8,441	29,135	4,638	33,773
1901	5,897	17,645	24,296	47,838	10,686	58,524
1905	9,138	46,100	40,033	95,271	23,766	119,037
1909	22,530	1,707	70,575	94,812	22,412	117,224
1910	7,446	8,501	95,740	111,687	16,560	128,247
1911	8,497	38,252	79,282	126,031	20,579	146,610
1912	2,139	12,826	82,480	97,445	15,779	108,224

In the following table we show the proportion in which the obligations towards third parties are covered by investments realisable at short date. We see from this that the fluidity of the assets of the Central Prussian Bank is excellent.

the Facility of their Realisation).

Investments of Second Rank				Other Investments			Total Credits
Documents of Title		Advances on Security		Credits in Current Account		Real Estate etc.	(Thousands of Marks)
Thousands of Marks	% of Total Credits	Thousands of Marks	% of Total Credits	Thousands of Marks	% of Total Credits	(Thousands of Marks)	
11,790	23.87	8,256	16.71	24,941	50.50	—	49,392
18,471	18.33	2,127	2.11	26,286	26.09	1,024	100,559
25,177	16.53	2,901	1.90	9,247	6.07	750	151,001
27,645	17.61	13,377	8.52	17,084	10.89	1,217	153,230
44,861	22.46	14,684	7.35	20,234	10.13	1,453	196,125
29,063	13.44	12,765	5.90	17,659	8.16	1,897	212,447
20,466	10.92	20,855	11.13	22,152	11.82	1,825	184,094

Relation between Investments and Obligations.

Years (31st March)	Investments of First Rank			Investments of Second Rank		
	Amounts (Thousands of Marks)	% of Actual Debt	% of Total Obligations	Amount (Thousands of Marks)	% of Actual Debt	% of Total Obligations
1897	4,405	15.12	13.04	20,046	53.96	39.25
1901	52,652	110.06	89.97	20,598	43.06	35.19
1905	112,926	118.53	94.87	28,078	29.47	23.58
1909	93,908	99.05	80.10	41,022	43.26	35 —
1910	114,893	102.87	89.59	59,545	53.31	46.43
1911	151,063	119.86	103.04	41,828	33.19	28.53
1912	118,796	121.90	109.77	41,321	42.40	38.18

Let us now glance at the financial results.

The increase of the gross profits has been fairly regular. The general expenses have increased almost equally, but the net profits have been considerably influenced by gains or losses on bills and acceptances. The Central Bank of Prussia holds a large quantity of securities it has received as a special fund or bought as an investment of its available capital. These securities, although absolutely safe, are naturally subject to fluctuation in price. On account of the wonderful economic development of Germany which has entailed a rise in the general rate of interest, the price of securities at fixed interest falls considerably in the years of great economic activity. The losses suffered under this head by the Central Bank of Prussia in the years 1895, 1896, 1898, 1899, 1905, 1906, 1907 and 1911 were 5,725,328 marks, 1,381,744 marks in 1898 and 1899 and 1,768,372 marks in 1906 and 1907. The increase in the quotations in the years 1900-1904 and 1908-1910 only compensated for this loss to the amount of 1,781,530 marks.

It is chiefly for this reason that the interest on the capital of the society has not always been at the normal rate of 3 %. In 1895-1899 and 1906-1907, it was 3,964,898 marks less. This is, however, more than made up for by the reserve funds, which in 1911 amounted to 7.5 million marks. That is therefore untrue which has sometimes been said that the State in supporting the Central Bank of Prussia has made a present to the farmers at the expense of the tax payers.

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CO-OPERATION AND ASSOCIATION

AUSTRIA.

MONOGRAPHS.

Regional Organisation of Agricultural Co-operative Societies.

In the first number of our Bulletin for 1910 we published a monograph on the present state of agricultural co-operation in Austria and we showed the importance of the Regional Federations for co-operative organisations in Austria.

We now begin the publication of a series of short monographs on these Federations by Dr. Otto Neudörfer, General Inspector of the General Federation of Austrian Agricultural Co-operative Societies.

I. — Agricultural Co-operation in Lower Austria.

Lower Austria is, so to say, the cradle of the Austrian co-operative movement. Already in 1897 many credit associations of the Raiffeisen system had been founded in this province, under the form of declared co-operative societies of unlimited liability. The Provincial Agricultural Committee at once took action and gave its support to the foundation of the Raiffeisen Banks. Not only did it furnish certain sums to cover the initial expenses of various banks, but also, in 1889, it established its *Bureau for Co-operative Societies*, with the duty of extending the knowledge of co-operation and inspecting the societies already existing in Lower Austria. The Raiffeisen Banks, which here also form the fundamental basis of agricultural co-operation, have rapidly increased, so that, now there is no part of the province where a Raiffeisen Bank is not exercising its beneficent influence. There are 547 and the best elements of the rural population take part in their administration. The following data will show the economic importance of these banks.

At the end of 1909, the 536 banks in regard to which information could be obtained had 59,550 members. There are, therefore, on an average, 11 members per bank. The amount of paid up shares was 848,000 crowns. That of the savings banks deposits was 74,753,946 crowns, or an average of 139,466 crowns per bank. The deposits in current account were 1,000,716 crowns; the still outstanding loans amounted to 32,425,944 crowns and the reserve funds to 1,500,926 crowns. Each Raiffeisen Bank has therefore on an average a reserve fund of 2,830 crowns. The rate of interest on savings deposits was from 3 to 4¼ % and most of the banks paid 4 %. On the other hand, the rate for loans was from 4 to 5 ½ % and most of the banks received 5 %. Altogether, the 536 banks in question realised 142,763 crowns as profits. Their total business (outgoings and incomings) amounted to 86,115,940 crowns.

The fact that most of the banks have very considerable surplus funds and that only a few of them, comparatively an insignificant number, are unable to find, in their own field, all the money they require was a reason for founding a central bank to invest their surplus capital at interest and to provide banks in need of funds with loans in current account.

In this way the *Central Bank* of Lower Austria was founded as a declared co-operative society of limited liability. It began work on June 1st., 1899. At the end of 1909 there were 538 Raiffeisen Banks and 198 other agricultural co-operative societies affiliated to it. The shares of the Central Bank are 10 crowns each and entail each of them a liability of 200 crowns. The Central Bank is organized on the model of the Central Institutes for Co-operative Societies in the German Empire. Its office is to act as clearing house for its affiliated societies, granting them credits, and receiving deposits at interest on request. Each society must purchase one share per every 25 members.

At the end of 1910, the Central Bank had a share capital of 66,500 crowns. Its deposits in current account were 44,098,192 crowns; its outstanding loans amounted to 7,725,918 crowns. The rate of interest on deposits was 4 %, that on loans 4¼ %. The total business done by the bank in 1910 was 175,317,694 crowns.

The institution of the Central Co-operative Bank of Lower Austria rendered the further development of co-operative organisation in that province possible, for this bank could make use of the surplus funds of all the Raiffeisen Banks there. In fact, at once the foundation of co-operative warehouses was begun.

By vote of February 13th., 1896, the Diet of Lower Austria instructed the Provincial Agricultural Committee to study agricultural co-operation in Germany and to present a report on the means for its development in Lower Austria. This has been done. There was an opportunity of obtaining a great deal of practical experience, which it was possible at

once to apply in behalf of Austrian agriculture. The Provincial Diet, in fact, decided in 1899, to develop co-operation on a large scale, by subventioning the co-operative warehouses established and encouraging the solid organization of the co-operative forces.

First of all, rules were drawn up for the agricultural co-operative societies. According to these, such societies must be general agricultural co-operative societies, so as to be in a position to devote themselves to a special branch of agricultural co-operation, while at the same time, extending their action gradually to the whole field of co-operative activity. The importance of this was due to the consideration that if special co-operative societies were founded separately for sale of cereals, milk, wine, and fruit, and for purchase, too much energy would be expended merely on current business.

Thus, the co-operative warehouses of Lower Austria were founded as agricultural co-operative societies of general character. It was afterwards for the general meetings of these societies to establish the conditions for the sale of cereals and agricultural produce.

And in accordance with the decisions of the general meetings, the societies were to undertake to store and sell the produce of the soil, especially the grain belonging to their members. The societies must especially concern themselves with the sale of this produce to the military administration and the purchase of good seeds. Each member who takes part in this branch of the work of the society is obliged to take a certain number of shares fixed at the general meeting, in accordance with the area he cultivates, and to sell a portion of the grain he grows, exclusively through the medium of the society. The presidential board fixes the proportion every year. It may, besides, grant certain exceptions to this obligation. The cereals to be stored are placed in the co-operative warehouse as soon as they have been brought there. Note is taken of the gross weight. Then the grain is subjected to careful cleansing by means of machines the warehouse employs for the purpose. After this cleansing, the refuse is weighed with the sacks. The difference between the two weights is that of the grain stored. Deduction of 1 % is made for moisture and dust. The final net weight is stated in kilogrammes. A deposit warrant is given for it. Each member receives such a warrant and, at his request, may obtain, by virtue of it, an amount on account the proportion of which is previously fixed at the general meeting. The society obtains the capital it requires for this, either from its own available funds, or by means of a loan from the Central Co-operative Bank of Vienna, or again from a neighbouring Raiffeisen bank previously selected for the purpose. The proportion of the above instalments is from 60 to 70 %, according as the general meeting shall decide. In this way the member of a co-operative society is no longer compelled to forced sales, however urgent his need ; he may wait until

the co-operative warehouse has sold the grain it has available, at the best price possible and at the moment deemed most suitable, on the condition of its accounting for it. However, the member may come to an agreement with the board of management as to the most suitable moment for selling. The sale is exclusively by weight. The proceeds are divided among the suppliers, in turn, on the basis of the net weight, taking into account the date at which supply was made by each member. The charges for weighing, storage, loading and unloading, are fixed by the presidential committee. These are generally deducted at the moment of selling. Further, there is an extra charge for storage, but only if, in consequence of special steps taken by the member, the term within which the sale would naturally have been made has been far exceeded.

In accordance with these principles, there have been gradually founded in Lower Austria 21 co-operative agricultural warehouses. The first, established at Pöchlarn, in 1898, could hold about 60 truckloads. A capital of 58,000 crowns was invested in it. 9 others were founded in the next year. Two of these latter required the investment of 200,000 crowns. In 1910 and 1911, 11 others were founded. For 6 of these the capital required was from 150,000 to 200,000 crowns. To-day these 21 co-operative warehouses have a total number of 9,700 members.

A few years after their foundation the situation of these co-operative warehouses was extremely critical. When the accounts for 1903 were closed, there were only 3 of them that could meet their expenses and pay interest. The others were unable. Of these, 7 could not even meet their working expenses. In 1904 the total deficit of these societies was 563,000 crowns. This critical situation was due to the members not having contributed sufficiently to the business, in money. They had only paid up 6 % of the invested capital and only 3 % of the total of the invested capital and working capital. The members then at first contributed insufficiently to the business ; and besides mistakes were made as to the employees engaged ; the commercial concentration left much to be desired ; then, and this is not a matter to be treated as negligible, the conduct of the business was not what it should be. To face this situation of the warehouses, which threatened the whole co-operative action, the provincial agricultural committee had to take energetic measures. It is due to these that the co-operative warehouses have been able to show better results, so that in 1907 they were all of them working satisfactorily.

Immediately after the foundation of the co-operative warehouses of Lower Austria, it was felt necessary to found a common central society. for purchase and sale, to occupy itself, on behalf of the co-operative societies, with the sale of useful articles to its members, and facilitate the sale of their produce.

Thus a *Federation of the Rural Co-operative Societies of Lower Austria* was founded in Vienna, under the form of a co-operative society with limited liability. By means of this Federation, almost all the produce of the members can be sold and all farm requisites obtained. The co-operative societies have been in continuous relation with the federation. The centralisation thus obtained procured for these societies not only a material advantage but a higher consideration than they previously enjoyed. The conferences the societies were previously accustomed to hold together ceased and speculators were finally convinced that they were no longer confronted only by co-operative warehouses on the market but by a large commercial organization.

At the end of 1910, the Federation of the Rural Co-operative Societies of Lower Austria had 20 members. The shares were 10 crowns each. The liability of members was twenty times their contribution. The amount of goods sold by members was 8,129,633 crowns. The total business done was 49,669,284 crowns.

The management of the co-operative dairies is simpler than that of the co-operative warehouses.

Since 1898 the Diet of Lower Austria has been occupying itself with the co-operative dairies and that year voted the necessary funds for the purpose. It established several throughout the province. At the end of 1910, their member was 249. In 1910 a central organization was founded also for the co-operative dairies with the title of *Niederösterreichische Molkerei (Lower Austrian Dairy)*, under the form of a limited liability co-operative society. Its object was 1st., the treatment and sale of all the industrial produce of its members; 2nd., the provision of its members with the necessary plant for manufacturing this produce. Any society, the object of which is the treatment of milk, may be a member of this central co-operative society. All adhering societies must pay, in addition to an entrance fee of 2 crowns, an annual contribution of 10 crowns per litre of milk to be delivered daily. The liability is limited to twice the amount contributed. This dairy has founded at Vienna an establishment equipped with all the most modern appliances. For the purpose it obtained a subvention from the State of 80,000 crowns and a loan for the same amount, not at interest, from the province. At the end of 1910 the number of societies adhering to the Lower Austrian Dairy was 127. The paid up shares amounted to 536,960 crowns. The value of the produce sold by the members was 5,019,903 crowns and the total business done was 123,345,325 crowns. The Lower Austrian Dairy has 90 branches in Vienna.

Ten viticultural co-operative societies were founded in Lower Austria but two of them have been dissolved. The remaining eight had 1,140 members at the end of 1910. These societies have given satisfactory results. The central co-operative society, founded in Vienna in 1908, under

the name of Niederösterreichische Winzerhaus (*Central Co-operative Society of the Vine-Growers of Lower Austria*) was compelled to dissolve in 1907, on account of unfavourable circumstances.

Besides the above, there are other agricultural co-operative societies, such as, for example, two milling societies, a society for the preparation of honey, the Lower Austrian Peasants' League, with 406 members, the object of which is the defence of the interests of the beetroot growers in view of the demand for this article on the part of the manufacturers. All these societies are under the control of the Provincial Delegation, which, as we have already said, has founded a special Bureau for the purpose, the Bureau for the Inspection of the Agricultural Co-operative Societies of Lower Austria. The organ of this Bureau was first the *Landwirtschaftliches Genossenschaftsblatt für Niederösterreich* (*Journal of the Agricultural Co-operative Societies of Lower Austria*). For some years it has been the co-operative supplement of the official agricultural journal of Lower Austria that has been entrusted with this office.

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CO-OPERATION AND ASSOCIATION

UNITED STATES.

CURRENT QUESTIONS.

Co-operative Fruit Growers' Societies.

I. — The Californian Co-operative Societies.

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We have been specially assisted in the following study by information received directly by means of letters, printed communications, press cuttings, reports of associations, etc., through the courtesy of Messrs.: A. V. Stubenrauch of the U. S. Department of Agriculture, E. J. Wickson Decan, Director of the Agricultural Experiment Station, College of Agriculture, University of California, Beckeley, G. Harold Powell, Secretary and Manager of the California Citrus Protective League, Z. W. Madeley, Secretary and Cashier of the "California Fruit Exchange", S. Glen Andreus, Secretary and Manager of the Sacramento Chamber of Commerce, J. P. Dargitz, Secretary and Manager of the California Almond Growers' Exchange, and W. E. Sprott, Secretary and Manager of the Tulare County Citrus Fruit Exchange.

To these gentlemen, as well as to others who have furnished us with valuable information on co-operation among fruit growers in the other States (which we shall make use of in a future article) we wish to express our most sincere thanks.

§ 1. Fruit Growing in California.

The fruit industry, which is to-day widely diffused and thriving above all in the Western States, has made very great progress, especially in California. The produce of the Californian orchards have now conquered all the North American, as well as a large number of European markets, owing to their extremely abundant harvests. In fact, their yield in 1910 could be estimated at 125,300,000 dollars.

The classic country of gold has now become a land of agricultural wealth: the value of the harvest of the citrus fruits, was about 32,790,000 dollars in 1910, exceeding the output of gold which in the same year was 19,715,440 dollars, the average annual output of the precious metal, since 1848, the year in which its presence in California was discovered, up to 1910, being 24,579,993 dollars.

Besides, in 1910, 17,793,000 dollars worth of dried fruit, and 16,479,200 dollars worth of fresh *deciduous fruits* (1) were sold, as well as 10,000,000 dollars of preserved fruit, 4,452,000 dollars table grapes, 4,640,000 dollars raisins and 3,375,000 dollars almonds, walnuts, etc.

(1) The General term *deciduous fruit* denotes the fruit of plants that lose their leaves in winter, such as pears, apricots, cherries, strawberries, currants, and plums. They are called *deciduous* to distinguish them from the citrus fruits, produced by evergreen trees.

Now a large part of this enormous production is placed on the market and sold by fruit growers' co-operative societies. Without the work of these latter, fruit cultivation would not have attained such a development; for co-operation here plays an essential part in helping the fruit growers in every way to overcome considerable difficulties of every kind.

The object of this study is precisely to show the importance of these associations, briefly setting forth the conditions which determined their foundation, the first attempts and finally the wonderful progress they have made.

§ 2, *The Conditions which rendered Co-operation among the Californian Fruit Growers Necessary.*

It seems that it is the destiny of California to exercise a singular fascination over the human mind. "The charm of its climate," says E. F. Adams, "the fertility of its soil, the characteristics of its topography, its flavour of old buccaneering legend, culminating in the wonderful romance of the annexation and gold-seeking epoch, combined to insure it such an amount of gratuitous and enthusiastic advertising as no country and no community ever before received. The romance of the gold era was followed by the romance of the wheat era, with its great farms, whose furrows were miles long . . . and whose soil, fabled to be of inexhaustible fertility, yielded stores beyond measure to the granaries of the world, this, in turn, was followed by the fruit idyll, far more attractive than the wheat industry and, for a time, surrounding California with a halo of rural blessedness which was a lure to the world" (1).

The truth with regard to this last legend was that some Californian farmers had made a success of fruit cultivation, forwarding their produce to local markets or as early or fancy fruit to more remote markets. Nothing more was wanted to make people speak of a new source of marvellous wealth in California; and new Hesperides' gardens were imagined spontaneously producing immense quantities of fruit.

The same thing happened then in California that has so frequently occurred in the case of new countries, above all in the 19th. century.: the fancy of some created a legend by which others, endowed with practical intelligence, were able to profit. The latter were principally represented in California by the railway companies, which, besides the profits they realised in transport, also contemplated the sale of land, of which they had obtained ample concessions, as well as all sorts of men of business, land

(1) See E. F. ADAMS, *The Modern Farmer*, Book seventh, pp. 434 et seqq.

speculators, etc. All these set themselves to embellish the legend by active, clever and often even unscrupulous advertisement. The climate of California, and the fertility of the soil were chanted ecstatically. Fabulous profits were held out; whoever, even without technical agricultural knowledge, invested a small sum in the purchase of a farm for the cultivation of fruit, would, in a few years, if not positively enrich himself, at least be able to pass the rest of his life in comfort.

These attractive promises could not fail to impress many already disposed to believe. Thus, a strong current of aspiring fruit growers began to turn towards California. This current only increased the stream of agriculturists emigrating from East to West. This emigration, which has been one of the characteristics of agriculture in the United States for the last thirty years, still continues to-day and at times has assumed the appearance and importance of a real exodus. The consequence is that if the East often presents the desolating spectacle of uncultivated fields and abandoned houses, the Western States, although labour there is dearer, and great centres of consumption are fewer, have seen their population increase considerably and the area under cultivation extend more and more.

California was of course bound to absorb a large part of this flood of emigrants, both on account of its real wealth and in consequence of that attributed to it by the fancy of some and the advertisements of others. So that the fruit legend found, as soon as it was made known, ready listeners; not only a large number of Eastern farmers, who had not been successful on their own land, were ready, in the enterprising spirit of the American farmer, to change their country and kind of farming, but the same road was thronged by a mixed crowd of various ranks of society, above all the dreamers, the socially disinherited, the disappointed from the towns — employees, clerks, accountants, etc. — who saw an opportunity for abandoning the obscure life of the office or back office in the cold and foggy towns to go and make their fortune rapidly and easily in the country of their dreams, where the mountains were of gold, the air warm and perfumed with flowers, where, under a marvellously pure sky, fruit ripened in abundance.

The number of new fruit growers who betook themselves to California, consisting of these various elements, soon increased and was added to by the local farmers who, without giving way to the same dreams as the new comers, had seen the success of their predecessors in fruitgrowing and desired to follow their example.

Californian agriculture underwent a profound transformation and fruit growing, which up to this had had but a limited development, now assumed very great importance for the whole State.

Large areas of land were cut up and turned into orchards. Those who had no land of their own bought; those who had land converted their fields of grain and pastures into orchards. It was a sort of mania by which

all were attacked : we may say there was not a farmer who did not aspire to have his fruit garden. The conviction was so general of the certainty of a profit, that even the large banks and many capitalists, forgot their habitual prudence and were induced to grant large loans on mortgage on orchards, often attributing to them rather the value their owners hoped for them in the future than that they actually possessed. Thus a large number of interests came to be centralised in fruit growing,

But too often these hopes were illusory : the edifice raised could not fail to be soon shattered. First of all the improvised fruit growers had to recognise, that, even with an extraordinarily favourable soil and climate like those of California, fruit growing requires technical skill and very great experience, because one is not born a fruit grower any more than one is born a poet, and the garden of the Hesperides producing fruit spontaneously only exists in the imagination and, in reality, the produce of the soil must be obtained at the cost of labour and money.

Yet this was not a difficulty of a kind to discourage willing workers ; the majority gave themselves up to assiduous and persistent labour, acquired the necessary experience and obtained good results.

However, this difficulty overcome, another arose and even became excessively serious in proportion as the quantity of fruit produced increased, namely the necessity of finding a market : for it was not enough to produce the fruit ; it had also to be sold. The first fruit growers solved the problem easily enough since, the local consumers, taking a considerable part of their produce, they sent the rest to the Eastern markets. But the local markets soon could only take a very small proportion of the increased production. There remained the large markets of the Eastern States, the populous centres of which were capable of a greater consumption. But to reach these markets, immense distances had to be crossed, with heavy railway charges for transport. Now the early fruitgrowers had been able to do a good business, because they had sold their produce as luxuries, or almost such, receiving rather high prices in consequence : so that, after deduction of the railway charges, there was a large margin of profit. However, competition, not only due to the increased production in the interior of California, but also to the fact that many farmers in other Western States had also given themselves to fruit growing, while at the same time fruit continued to be imported from Europe, soon caused a disastrous fall in prices. Mr. Adams gives some interesting particulars on the subject : for example, the price of prunes fell rapidly from 8 or 9 cents per pound to 5 and 4 cents, which was already a loss for some fruit growers, and then to 3½ and 3 cents, that is to a third of the former price.

Besides the expense of carriage, there was another difficulty due to the immense distance between the place of production and that of consumption, we mean the almost insuperable one for independent producers

of knowing the conditions of the markets, the prices, the requirements of consumers, the good faith of purchasers. Consignments of fruit were often sent as a risk to markets already overstocked, and they had to be abandoned or sold at a ruinous loss, whilst on other markets it was not possible to satisfy the demands. There was a general ignorance as to what classes of fruits would most easily meet the public taste, and which could most successfully resist the competition of similar produce from other States or from abroad. Finally, no steps were taken to open new markets as the production increased, or at least this was not done to the necessary degree.

The result of this general want of organization was that if the farmers sent their goods on their own account, they ran the risk of having to sell them very cheap or not at all; and again of falling into the hands of dishonest purchasers who might refuse them on any pretext, or offer lower prices than those agreed on, and, in the worst hypothesis, not pay at all. Finally, if desiring to escape from these difficulties, the farmers employed intermediaries, or commission agents, they would have to accept the prices fixed by these. Next it happened of course that with honest intermediaries there were mingled a number of greedy and unscrupulous speculators and clever men of business, only waiting to take advantage of the farmers in their extremity.

However, on account of the tumultuous haste with which fruit growing had to a large extent been resorted to in California, there were very many who had bought their land on credit or who, with the conviction of making rapid profits had commenced farming without money of their own, or who, for other reasons, had contracted loans. The interest had to be paid and the date of maturity met, and consequently they had to sell their farms for what they could get. These forced sales, becoming frequent, contributed to keep prices very low, so that the richest fruitgrowers could not hold out. This state of things favoured the intrigues of dishonest merchants, but, on the other hand, in view of the conditions of the market, even honest merchants often could not pay the farmers such prices as would leave them a profit. It thus came about that the farmers traced the origin of the evil to the intermediaries and merchants who found themselves exposed to general execration.

Not only did the radiant illusions of rapid profits and large fortunes vanish very swiftly, but it even became a very difficult problem to make even a modest profit by fruit growing. Often the gain did not suffice to pay interest on the mortgages. The value of the land converted into orchards fell immensely; and the owners dared not sell, because, in view of the value of land after the crisis, and the prices offered by buyers, they would have had to sell at an enormous loss.

This state of things became intolerable and the fruit growers were not alone in suffering, since, as we have seen, the interests of a whole group

of banks, capitalists, railway companies, etc., were involved in fruit cultivation, which was now one of the most widespread of Californian industries; so that the crisis in fruit tree farming threatened the economic life of the whole country.

On looking for remedies the necessity was seen of uniting the scattered forces of the fruit growers, who, up to then, had been mutually destroying each other by ruinous competition, and of leading them to the conquest of new markets, and the surmounting of the various difficulties confronting them. All the great economic forces of the country feeling their interests menaced by the crisis in fruit growing, supported the movement, which soon became general in the country. The Californian fruit growers were now ready for co-operation.

§ 3. *The First Co-operative Societies.*

However, if the need of uniting their various forces in large co-operative societies was felt imperiously, it was a long and difficult work to effect. A series of attempts and struggles preceded it.

Compared with other men, the farmer is generally of an individualistic mind, more averse to innovation, more suspicious. It must be added in this case that in California many had taken up fruit farming with the hope of making a fortune by it, and if, on the one hand, co-operation offers more regular profits and diminishes the risks, it also diminishes the probability of extraordinary gains. For this reason, it was more difficult to start co-operation in California than elsewhere and it was only under the pressure of the most imperious necessity that a solid and lasting organization of fruit growers could be formed.

A first rudimentary form of co-operation had consisted in collective shipment, sometimes resorted to by large producers, in order to avoid the risk of their goods remaining more or less time in the stations while the full truckload was being made up. When the founding of real co-operative societies was contemplated, the first to feel the necessity were the producers of perishable fruit, for their goods required rapid and immediate despatch, as well as a more certain organization for selling.

In 1885, after various preliminary meetings, composed of an enthusiastic crowd of fruit producers, the *California Fruit Union* was founded with the brightest hopes and a share capital of 250,000 dollars was voted to be subscribed by members at the rate of a dollar per every acre of land they possessed.

However, if at the meetings all went well, and all appeared easy, simple and sure, the difficulties began to be felt when it became necessary

to produce the money for the shares, and to entrust the business to the Society. Then, the warmest enthusiasm was followed by icy indifference.

It was however necessary to overcome this difficulty also, and a work of active propaganda was begun for the purpose, not only by printed communications, letters, etc., but also by visits made by the emissaries of the society to each farmer individually. Although this last method was the most efficacious, it often took hours and hours of discussion, and explanation before a new member could be induced to join. Although the propaganda was largely made gratuitously by volunteers, the expenses occasioned were very high and absorbed a large percentage of the contributions of the early members.

Yet the founders did not allow themselves to be discouraged; they fought and conquered: so that in the end the society was able to begin work and was not slow in giving excellent results. In 1886, the sales effected amounted to 345,416.98 dollars; in 1887 to 675,864.44 dollars; in 1888 to 773,117.42 dollars, and a year later to 1,501,023.56 dollars. The business went well until 1893. But in 1894 various causes led to the dissolution of the association. These were, on the one hand, defects in the organization and management, the work of such a society being extremely difficult and complicated and requiring in its managers, great ability, business experience and energy, together with consummate tact, a knowledge of the markets, of the produce, etc. Besides, the inexperience of the early days contributed to aggravate these difficulties, giving rise to uncertainty and error. Add to this the bad faith of members who sold a portion of their produce clandestinely, that is not through the medium of the society, thus entering into a disloyal and dangerous competition with it, a competition the effects of which were aggravated by the timidity or dishonesty of some who held aloof from the society either because they had not the courage to entrust their business to it, or sought to profit by the advantage it offered, without being ready to bear the burdens it imposed.

The agencies and middle men, finally, made underhand war against the new association, the work of which they tried to obstruct in every way, alluring away sellers by the offer of higher prices, exciting dissensions among the members, inspiring distrust of the work of the managers and occasioning defections. Thus the society, through this new competition, lost the command of the market. Its business, reduced in this way, only required a slight shock for its ruin.

The same causes of failure have recurred in the case of many Californian fruit growers' associations, especially in the early days, for example in that of the *Raisin Growers' Association*, one of the largest fruitgrowers' associations there has been in California. This society was founded in 1898 when a severe crisis threatened the raisin industry. It soon obtained such excellent results that it succeeded in raising the price of raisins

from $\frac{3}{4}$ cent per pound to which it had fallen, to an average of $3\frac{1}{2}$ cents per pound.

The history of the first Californian fruit producers' societies is very instructive. It shows that these societies were only founded under pressure of the greatest necessity, that they often disappeared as soon as conditions improved, and that finally it was only after painful experience that their utility was understood and that they were able to attain their present magnificent development.

§ 4. *Present Work of the Californian Fruit Growing Co-operative Societies.*

We have already mentioned some of the causes which led to the foundation of fruitgrowers' co-operative societies in California, where, the fruit market, having long ceased to be local in order to become chiefly a market of exportation both to the other States of the Union and abroad, difficulties of various kinds arose on account of the distances between the localities of production and of consumption, and were sometimes almost insurmountable for individual growers. We have, with regard to this, mentioned the disastrous consequences due to ignorance of the markets when dealing with growers of other regions, middle men and unknown customers. But the very fact of the distances to be crossed, journeys of several weeks over thousands of kilometres, through appreciable variations of climate, makes the greatest speed with the least expense possible a necessity for the producer. In this respect the work of the co-operative societies is also of the greatest utility, as, if the fruit of a single farmer hardly suffices to fill one truck and to justify its immediate departure, the thing is easy for many fruitgrowers united in a co-operative society, who thus benefit by the rapid despatch without having to pay the prices of the fast goods train. Besides, it often happens that associations, above all the larger ones, receive special consideration from the railway companies.

However, it is not enough to have rapidity of transport in order that the fruit may arrive fresh and appetising on the market. Fruit have need of very careful and complicated treatment, from the moment they are gathered until their arrival at their destination. This treatment includes various operations that may be grouped under the following principal heads: picking: grading: packing: precooling and refrigeration. The co-operative societies perform one or more of these operations and ultimately the principal object, the sale.

However, above all when the sales are made in the name of the society, it is the interest of the latter either itself to perform the greater part of the above operations, or when they are left to the producers to exercise a rigorous control, in order to avoid losses their inexperience or negligence

might entail. In fact, to give an idea of the frequency and importance of these losses, it is enough to say that a careful inspection of 40,000 oranges in January and February, 1905, showed that about 17 % of the fruit had been bruised by inexpert or careless handling. Thus to the same causes we must attribute the loss of from 50 to 75 % in a consignment of fruit, which leads not only to immediate loss but also to want of confidence on the part of customers in the fruit of certain growers, societies or entire regions.

Another object at which the constant efforts of the societies and especially the larger ones aim, has been to encourage the formation of types of fruit, that is to group the produce in class types, of size and quality, uniform from year to year. This method greatly assists the work of the societies, by making the types known on the markets, and consequently gaining them a fixed group of customers, and simplifying the sale business at any distance of time or place.

Consignments honestly packed increase the confidence of purchasers. They know that the contents are really as indicated, that is all fruit of the same flavour and size. This confidence makes the buyers often prefer a high price for a known brand to a lower price for fruit of unknown origin.

This extensive and complete organization of associations has perhaps been the chief reason why the western fruit growers and, above all, those of California, may now victoriously face the competition of the Eastern farmers, in spite of the more favourable conditions the latter enjoy, through their lesser distance from the great centres of consumption and the lower price of land and labour.

Let us now briefly examine the work of the societies from the point of view of the different operations mentioned above.

(A) Picking.

Sometimes this is done by the farmer himself, sometimes the society undertakes it. In that case it sends the member a gang of experienced pickers, provided with improved implements, generally paid by the day and not by the job, so that they do not do their work hastily, to the serious injury of the fruit. A foreman is sent by the society, to supervise the work, and see that the fruit is plucked at a certain degree of maturity and according to a certain system, etc. In other cases the picking is done by the farmer himself or by men in his employ, but under the supervision of a delegate of the association.

(B) Grading and Packing.

After picking, the fruit is divided according to size and quality and then packed. Here also the work of the associations varies in extent; sometimes, it is the farmer who undertakes the work independently of the society, or in conformity with certain prescriptions or rules issued by it in order to obtain uniformity in grading and packing of fruit by different pro-

ducers ; sometimes the society itself undertakes it, either sending its own staff to the various farms, or getting it done directly in its own establishments.

In any case, the fruit prepared by the grower himself is examined on delivery by an inspector of the society, who verifies both packing and contents and in case of either not being in conformity with the rules, the consignment is refused or classed as inferior quality.

The boxes or barrels accepted bear a mark indicating the quality of the contents and serving at the same time as a sign of their examination.

When these operations are performed directly by the society the producer sends the fruit as picked to the packing house (an establishment provided with special staff and implements) of the society, where they are graded (sometimes, by means of special machines, above all in the case of large quantities of fruit, as, for example, citrus fruits) ; the fruit is then, if necessary, washed again or cleaned etc. and finally packed. The sorting and packing is done separately by each farmer in the packing house, and then the fruit is despatched to the market in the name of the establishment. Or else all the fruits are pooled, and then sorted according to quality and size and despatched in the name of the society. The last process offers the advantage of greatly simplifying the sale operations of the society and giving the produce a maximum uniformity. But the system is disadvantageous for producers of fancy fruit, or fruit of extraordinarily fine quality when they are confused in the mass with others. Therefore an association employing this method should be composed of members growing fruit of the same quality.

(C) *Transport.*

However, besides the above operations, in order to stand long journeys, the fruit has need of another operation immediately before its despatch, namely precooling, as well as a well planned arrangement in the railway trucks. The fruit undergoes precooling before being forwarded, or after packing, and sometimes even before, in the packinghouse or in the trucks, through which a current of cold air is passed. Very many societies do the precooling in their packinghouses.

(D) *Sale.*

As soon as the goods arrive at the station of their destination they are generally received by an agent of the society, who, if necessary, presents claims against the railway company.

As a rule, this agent is also charged to supervise the fluctuations of the market, to send the proprietors requests for fruit within the time required, to notify purchasers of the arrival of goods, to publish auction sales, to send the members or the societies the prices received, etc. Most of the sales are by auction, a system which has the advantage of the greatest rapidity. In other cases the fruit is sold by private agreement on the farm

This is above all the case in associations which have very uniform and well known types of fruit. It often happens in these cases that in advance of the harvest the association notifies those concerned, by means of a special catalogue, of the probable quantity and quality of the higher grade of fruits that the association has for sale, so that the purchasers may make their bids immediately: the fruit is sold to the highest f. o. b. bidder (*catalogue selling*). Sometimes, lastly, the association delivers the whole or part of its produce to commission firms. The society charges a commission on sales made through its agency, on account of the expenses it has had to bear; in addition, sometimes, it charges a percentage, in order to form funds for the construction of packing houses, purchase of implements, etc.

Some associations pack and sell not only for members but also for outsiders for payment.

(E) *Purchase of Accessories and Other Functions of the Co-operative Societies.*

Various co-operative societies, in the interest of their members, undertake the purchase of implements of labour, chemical manures, equipment for spraying and fumigation or packing material (boxes, nails, paper, etc.). Others concern themselves with the co-operative irrigation of orchards in dry districts, or with the fight against the parasites of the trees or the purchase of apparatus for protection against frost, etc.

Let us finally add a few words on the

(F) *Constitution and Management.*

The Californian fruit growers' associations are constituted in various ways. They are sometimes joint stock companies, conducting operations on behalf of their members (fruitgrowers and sometimes also sellers, or one and the other) on the co-operative system. Sometimes, on the contrary, they are real co-operative societies, doing with no idea of gain, a certain work for their members and only taking from the profits the amount of their expenses.

The number of votes to which members have a right varies. They have right to one vote each, without distinction, or to several in proportion to the area of the orchards they possess, or to the quantity of fruit delivered the previous year, or to the probable quantity of the next year's crop.

The share capital is made up in equal amounts by members, or in proportion to their production or the area they cultivate. The management itself is constituted in different ways. Some offices are honorary; others officers receive fixed salaries, or a commission on the business done, or both.

Generally the members are bound to the society by a contract the term of which varies, by virtue of which they must consign to it the whole or part of their produce. The rules of the various societies impose heavy

fines on those who sell clandestinely, in order to hinder a dangerous, and, as we have seen, often ruinous, competition on the part of the members themselves.

After having shown the objects, the work and the organization of the Californian fruit growers' societies in their general outline, it only remains for us to speak of the work done by certain societies. Here, we must limit ourselves to simple examples, because there are no general complete statistics showing the course of co-operation among the fruit growers of the state. Let us begin with an association, the largest of the kind in the United States, and, certainly one of the most important in the world.

§ 5. *The California Fruit Growers' Exchange.*

Although the cultivation of oranges in California began more than a century ago, it only began to assume large proportions in the course of the last thirty years. About thirty years ago the export of oranges amounted only to a few scores of truckloads. In 1910-1911 Southern California alone exported 43,585 truckloads of citrus fruits, (6,764 cars of lemons, and 36,821 of oranges, in 16,736,640 boxes). The annual value of consignments in recent years varies from 30 to 40 million dollars. More than 130,000 acres of land have been transformed into orchards on which from 100,000 to 150,000 persons are constantly employed. The production having increased in proportion, sale had to be thought of. In long years producers and sellers tried to organize in order to regulate the market prices. In 1888, the *Pachappa Fruit Association* was founded and soon followed by other societies of the same character. However, the results obtained by these societies were not very favourable, so that, owing to the enormous production, the difficulty of selling increased still further and culminated in 1892-1893.

It was then the idea arose of founding a large association as a remedy to the situation. On April 4th., 1893 the farmers of the State assembled at the Los Angeles Chamber of Commerce to seek a means for the "marketing of all the citrus fruit at the lowest possible cost under uniform methods and in a manner to secure to each grower a certain marketing of his fruit and the full average price to be obtained on the market for the entire season."

As then decided, a general organisation of the Californian fruit growers was proceeded with. In this federation a large number of local farmers' associations are united, and it associated them in *district exchanges*, in their turn grouped together in executive committees, with a representative per district.

The work done by this organization in its first year was most useful and most extensive. It united about 90 % of the Californian fruitgrowers

and had offices and agents on the markets. Soon, however, defects began to be observed in the work of the co-operative society, due principally to the inexperience of the managers. This occasioned a large number of resignations, so that in a short time only 25 % of the total production was sold through the medium of the society.

However, as everybody now recognised the necessity of co-operation, it was decided to reform the organisation, and the foundation of the "Southern California Fruit Exchange" (October 21st., 1895) was proceeded with. The cultivation of citrus fruits now extending from the South to the whole of California, and its field of action being at the same time enlarged, in 1905 the Society became the "*California Fruit Growers' Exchange*."

The *California Fruit Growers' Exchange*, to which there now belong 6,000 growers of citrus fruits, is organised on bases similar to those of the first federation of which we have spoken: that is to say, it groups local associations in *District Exchanges*, the representatives of which in their turn form a *Central Exchange*. The local associations are composed of growers of a certain region, who are neighbours of each other or grow the same class of fruit. The local associations have civil personality: they have generally their own packing houses, with the necessary equipment and implements for the preparation of the fruit. Sometimes, however, these packing houses are held on lease.

Each member picks his own produce and takes it to the establishment of the society, where it is classified according to quality and, in this way, generally pooled with that of the other growers. The society proceeds with the preparation of the fruit for despatch (washing, cleaning, etc.) and their packing. Each local association has its own brand, serving to indicate the origin and quality of the fruit.

The associations, as we have said, are united in *District Exchanges*, sixteen in number, directing and controlling the work of the associations and themselves forming the link between the latter and the *Central Exchange*; questions of local and private interest are dealt with by the *District Exchange*, while the central organisation only concerns itself with those more important.

The Central Exchange consists of a board of directors, composed of representatives of the local *Exchanges*, and meets every week to deal with the most important business of the society. With such an organization the decisions of the management are always, through the Central Exchange, the District Exchanges and the Associations, those of the producers themselves who have always the right of supervising the whole work of the association, and examining its books, accounts, etc. The work of the association is carried on solely in the interests of the farmers: nobody, but they, has a claim to the eventual profits. The association sells the fruit at cost

price. The expenses of administration are covered by means of small commission charges, deducted from the amount of the sales.

The work of the Exchange specially aims at taking the trade in citrus fruits out of the hands of middlemen and speculators, so that the profits which would have been realised by them may go directly to the producers.

In order to conduct its own sales directly and control the markets, the Exchange has founded, in all the principal centres of consumption in the United States and even in Canada and in Europe, special agencies directed by intelligent, active men, experienced in the fruit trade.

These agents must devote themselves exclusively to the business of the society. Each of them has his own sphere of action in a certain region. The agents are paid at a fixed rate and at the end of the year receive in addition a premium proportioned to the sales effected, which contributes to keep them greatly interested in the business of the society and creates a profitable spirit of emulation amongst them.

Besides the duty of conducting sales on behalf of the society, the agents have to keep it continually advised of the conditions of the market where they live and further furnish all information that may concern the farmers.

Two general agents direct the work of the local agents and also make frequent inspections and visits for the purpose of controlling their work. The general agents have their offices at Chicago and Omaha. These offices are centres of information on the fluctuations of the markets and the conditions of demand and supply, and this information is every day telegraphed to the agents and the Central Exchange at Los Angeles. On its side, the Central Exchange every day telephones or telegraphs to the *District Exchanges* and the local associations any information it obtains, besides the instructions it thinks advisable to send the producers. Further, the associations, like the Exchanges, are every day informed of the place the trucks of goods sent have reached, the condition of the fruit, etc., so that they may dispose of them even at a distance and forward them to the markets most suitable for their sale.

Thanks to this system of information, the Exchange is in a position completely to regulate the trade in citrus fruits over an immense country like the United States, maintaining uniform prices and preventing speculation to the detriment of the producers.

For example, when the agent recognises the prices are about to fall on a certain market, he immediately advises the head office at Los Angeles; which arranges to diminish the quantity of fruit to be sent to that market, so that the prices rise of themselves. On the other hand, the agent knows when it is necessary to keep up the prices, as he knows the quantity of oranges, lemons and mandarines for sale, etc.

It is evident that the expenses of the careful treatment of the produce, in addition to those of this information service, are very high, but the business of the Exchange is so extensive that the expenses in the case of each box forwarded are slight. In recent years, in fact, the work done by the society, in packing and selling, cost on an average about 35 cents per box of citrus fruit, as compared with 50 and 75 cents, at the moment at which the Exchange began to work, and 40 or 50 cents asked by private contractors for packing alone. Besides, not only the producers, but also the consumers, derive great advantage from the work of the Exchange, as through the suppression of the speculation of middlemen, they are able to buy the fruit at a price one third less than before.

About 40 % of the Exchange citrus fruit is sold by auction at the place of consumption.

The greater part is sold by contract at the place of destination, at the current market price.

The payment of the farmers is effected in a very simple way: the agent at the place of destination receives from the purchaser the price of the goods plus carriage and other expenses. He then forwards the amounts received to the *Exchanges*, which, in their turn, pay the producers, after deducting their expenses.

The considerable advantages presented by this very thriving form of co-operation are shown by the constant increase of business, attested by the following figures:

Years	Total Number of Boxes Despatched from California	Packages Despatched by the Exchange	Percentage
1895-1896	2,545,200	809,733	32
1896-1897	2,649,000	612,878	23
1897-1898	5,091,408	1,342,648	25
1898-1899	3,477,936	997,694	28
1899-1900	6,436,858	2,165,793	33
1900-1901	8,809,714	3,933,607	45
1901-1902	7,035,080	2,610,400	37
1902-1903	7,915,760	3,556,527	45
1903-1904	10,500,684	4,644,582	44
1904-1905 about	11,280,676	5,188,511	46
1905-1906	9,824,918	4,705,515	48
1906-1907	11,286,000	6,149,708	55
1907-1908	11,836,865	6,628,644	56
1908-1909	14,518,047	8,710,828	60

In the course of 7 years, from 1905 to 1911, the Exchange sold about 50,000,000 boxes of citrus fruit, for about 89,500,000 dollars. The losses

through errors in the transmission of money, etc., were only 6,000 dollars, that is to say about $\frac{1}{130}$ th of 1 %, which shows the excellent administration of the society.

The following figures show the amount of oranges, lemons, etc., despatched each year, and the amount of the receipts, with the average price per case in California (*f. o. b.*) and the losses.

Years	Boxes	F. O. B. Returns (dollars)	Average (dollars)	Losses (dollars)
1904-5	5,188,511	7,124,377.00	1.37	458.04
1905-6	4,705,515	9,936,497.00	2.11	00
1906-7	6,149,708	12,268,755.00	2.00	.00
1907-8	6,628,644	11,753,544.00	1.77	81.85
1908-9	5,710,828	13,958,990.00	1.60	4,297.57
1909-10	7,578,801	14,831,975.00	1.96	732.32
1910-11	10,842,831	about 20,579,560.00	1.89	.00
	49,804,838	89,453,695.00	1.80	5,569.78

In the season 1910-1911, the Exchange sold 10,842,821 boxes, or 28,123 truckloads as compared with 7,878,500 boxes, or 19,639 truckloads in the previous season, representing an increase of 43 %. Of the total amount of citrus fruit consumed in the interior of California, about 40% of the oranges and 35 % of the lemons had been placed on the market by the Exchange.

The *Fruit Growers' Exchange* further proceeded in 1907 to the foundation of a dependent society, the *Fruit Growers' Supply Company*, for the sale of accessories.

The capital of this society is 500,000 dollars and consists of shares held by the various local associations of the Exchange, in proportion to the average number of boxes they handle each year. The work of the *F. G. Supply Company* has appreciably reduced purchase prices. In the season 1910-11 it supplied its members with 2,500 cars of shook, and 250 cars of paper for wrapping the fruit, as well as nails, labels, etc. It also bought 250,000 dollars worth of fertilisers and other orchard supplies, materials for fumigation etc.

Another branch of the society is formed by the *Mutual Indemnity Compact*, concerned with the mutual insurance of members' houses and farm buildings against fire. The premiums in this society are notably lower than is usual for fire insurance.

The association has its own legal office for consultation in any differences that may arise.

Finally the F. G. Exchange also solicits the favour of the public for its produce by means of active advertisement for which 150,000 dollars are shown on the estimated expenditure for 1910-1911.

§ 6. *California Fruit Distributors.*

Whilst the California Fruit Growers' Exchange is the largest association in the State for the sale of citrus fruit, produced principally in Southern California, the *California Fruit Distributors' Society* is the largest for the sale of *deciduous fruits* (apples excepted) produced especially in Northern California.

The *California Fruit Distributors' Society* was founded in 1902 for the distribution of fruit on the markets. It performs the office of a central association and clearing house for the various societies' and private companies composing it. For this purpose it has inspection, information and sale departments. It has special offices on the principal markets with paid agents who undertake the sales and advise the Central Management every day by telegraph of the state of the markets. For the most part they sell by public auction. To prevent the fruit arriving on the market damaged, or, in case sale is made directly to the consignees, to prevent their refusing it as defective or for that reason offering lower prices than those agreed on, inspectors carefully examine the fruit before despatch.

The association now has a permanent information service, so as always to be advised as to the production of other states and thus to estimate the effects of their competition, etc. In 1910, for example, the harvest of peaches in Georgia was so abundant as alone to satisfy the demand on certain markets. The Central Management of the C. F. Distributors therefore avoided sending peaches to the markets ordinarily supplied from Georgia: on the contrary, it sent its fruit to other markets, so as to realise prices not inferior to the usual ones.

Owing to the practical character of its system, this association has been able to attain a large development. It conducts operations on 18 auction markets, in the large cities of the United States and Canada, and sends its goods to more than 200 markets of less importance.

In 1910, the fruit despatched by the association filled about 12,000 trucks. The association sells on an average 70 or 80 % of the *deciduous fruit* of the whole of California (apples excepted). As the members are obliged to consign all their produce to the society, it is enabled to foresee more accurately what amount of goods it will have for sale. Finally, in view of the importance of its business, the railway companies are able to charge it special rates both for fast carriage and for refrigeration, etc.

§ 7. *The California Fruit Exchange.*

The *California Fruit Exchange*, is the successor of the *California Fresh Fruit Exchange*. It was founded in 1901 at Sacramento, for the sale of *deciduous fruits*, especially of Northern California, and its business has constantly increased. In 1910, the fruit despatched by the association filled 1,512 trucks, and the total sales amounted to a million and a half of dollars.

In its general outline the organization of the C. F. Exchange is similar to that of the *California Fruit Growers' Exchange*. However, the local associations, associating the growers at the various shipping points along the railway lines, in the various forwarding centres, conduct their business under the guidance of their own board of directors, and by means of their own salaried officers who have to gather the fruit at the loading points, and supervise the loading of the cars and then turn over to the Exchange the car with its bill of lading and accompanying papers to be handled for their account.

Thus the Exchange is only a kind of central agency, undertaking despatch for the account of local fruit growers' associations, with which it has a special contract. About 20 local associations conduct their business through the medium of the Exchange; they are distributed over a large area of the State of California.

The returns to the fruit growers are made through the local associations.

The central sale agency, that is the California Fruit Exchange, is incorporated under the laws of California and has a board of 11 directors, besides its own employees and a salaried manager who may not become director nor receive any other office in the society. The board of directors generally appoints an executive committee from among its members, consisting of the President, Manager, and Secretary, who have to deal with all urgent business that may have to be done, in the intervals between the monthly meetings of the board of directors. A confidential bank acts as cashier and all the financial business is carried on by means of cheques.

§ 8. *California Almond Growers' Exchange.*

This association is one of the most recent, but is already thriving. It was founded in May, 1910 by the representatives of eleven local associations for the purpose of regulating the sales of the walnut, almond, etc. growers of the state. Here also, the Exchange is an association of asso-

ciations ; it has civil personality and is founded on the principle of individual associations, that is to say with no idea of making gains, but only in the interest of its members.

A certain percentage is deducted from the amount of each producer's sales so as to pay the expenses of the association. Any balance is distributed among the producers in proportion to the fruit each has supplied.

This Exchange also is provided with an ample information service, as to the condition of the markets, the probable amount of production, both at home and abroad, so as to ensure uniform prices, etc. In its first year, the California Almond Growers' Exchange sold 40 % of the walnuts, almonds, etc. produced in California.

We shall not describe the work of the other important fruit growing associations of California. We shall content ourselves with mentioning : the *Fancy Melon Growers' Associations* of El Centro, Heber and Calexico, the *Santa Clara Fruit Exchange* (Santa Clara), dealing especially with dried fruits, the *Santa Anna Valley Walnut Growers' Association* (Santa Anna), *Escondido Citrus Union* (Escondido), *Colton Orange Growers' Association* (Colton), *Orange Growers' Association* (Redlands), *San Diego Farmers' and Fruit Growers' Union* (San Diego), *Tulare County Fruit Exchange* (Porterville), *Pomona Fruit Exchange* (Pomona).

What we have said will suffice to show the general organization and work of the Californian fruit growers' associations and their great utility.

CO-OPERATION AND ASSOCIATION

RUSSIA.

I. — CURRENT QUESTIONS.

1. The First National Congress of the Representatives of Popular Credit and Agricultural Co-operation in St. Petersburg. Proposal for a General Law on Co-operation in Russia.

Sources :

Proposal for an Order on Co-operative Institutions, Drafted by a Committee appointed at the 1st. Congress of Russian Co-operative Societies at Moscow, 1908. St. Petersburg, 1912.

MANTSEVITCH K. A.: *St Petersburg Co-operative Meeting*. Zemskoe delo (*The Work of the Zemstvos*) Nos 8 and 9, 1912.

MERKOULOV, A. *Co-operative Movement in Russia*. Viestnik Kooperatsii (*Bulletin of Co-operation*) No. 3. 1912.

International Co-operative Bulletin, No 5, 1912.

The first National Congress of the representatives of popular credit and co-operation was held from the 11th./24th. to the 16th./29th. March, 1912, and attended by about 700 delegates of the co-operative and popular credit organizations and of the public and Government institutions. It was convoked by the St. Petersburg Division of the "Committee of Credit, Savings and Industrial Associations," which had prepared the programme in anticipation. It had been first of all established that the credit and savings institutions alone should be represented at the congress, but on the proposal of the Minister of Agriculture, the representatives of agricultural co-operative societies were also admitted, so that the distributive and urban co-operative societies for production were excluded from the meeting.

The following figures show the institutions represented ;

192	Loan and Savings Co-operative Societies ;
189	Agricultural Credit Co-operative Societies ;
41	Agricultural Societies and Associations ;
14	Co-operative Unions and Central Establish- ments of Co-operative Societies ;
49	Zemstvos and Popular Credit Banks of the Zemstvos.

Amongst men of science and leaders of the co-operative movement present there were observed, MM. Tugan. Baranowski, Issaev, Anziferov, Kaboloukov, Levitsky, Totomiants, Selheim, Lewitsky, Maximov and Merkulov.

Let us also mention that of the private persons taking part in the congress, 59 were inspectors of popular credit. There were also a fairly considerable number of State functionaries.

The Congress, which met under the presidency of State Councillor P. Issakov, was subdivided, for the facilitation of business and in order that time might not be lost, into three divisions.

(a) The Credit Division, with S. de Borodaewski, Vice Director at the Department of Commerce as president.

(b) The Agricultural Division, the president, M. Trofimov.

(c) The Division of the Zemstvo Institutions, President, M. Karasin.

Questions of great importance and of general character were studied and discussed in the plenary sessions of these three divisions.

The most important question — vital for the development of co-operation in Russia — was the proposal for a general law on co-operation. Up to the present, the Russian legal regulations on co-operation only refer to co-operative credit societies, thus neglecting other branches of co-operation. The foundation of a co-operative society requires the special authorization of the Government of the province and of other authorities, together with complicated formalities which evidently hinder the development of co-operative societies in Russia.

The members of the Congress devoted the first day to discussing this proposed law and in the end unanimously passed the following resolution:

"The Congress, considering that neither the law of June 7th., 1904 on popular credit establishments, nor the model rules in force, answer the requirements of contemporary life, considers a general law on co-operation which will encourage private enterprise, as indispensable."

The 1st. Congress of Russian Co-operative Societies convoked in 1908 at Moscow had already appointed a special commission to prepare a proposal for a law on co-operative organisations.

At the S. Petersburg Congress, this commission was able to present the draft finished with the assistance of the loan and savings and industrial co-operative societies. The details of the bill were laid before the Congress by E. de Hagemeister and, after examination by a special legislative commission, under the presidency of Prof. A. N. Anziferov, was, with a few slight changes, accepted by the Congress.

This important proposal, the text of which we give below *in extenso*, defines the essential nature of co-operative societies, and specifies the manner of their formation and contains precise provisions on the limits of liability and the organization of the various internal departments of the co-operative society. The deeds of constitution and the rules of the society must be deposited in the office of the registrar of the local law court, in order that it may be seen whether they are in perfect agreement with the legal provisions. When the society is once authorized, in order that it may be registered as a co-operative society, after the first general meeting, its rules and minutes must be presented to the local chamber of finance, the competent authority for registration in Russia. The co-operative society may be constituted with liability for all its members, jointly and severally, either limited or unlimited. For particulars we refer the reader to the proposed law reproduced below. Among other motions adopted by the Congress let us mention that desiring all co-operative unions to display greater activity and that of W. Perelechin declaring it necessary to found a federation of the various kinds of co-operative societies for the whole Empire.

The credit division dealt with the work of the credit associations, in several meetings. Let us mention the speeches of P. A. Smirnov, A. A. Valaïev, E. N. Toutnov, V. A. Kiltchevski and L. S. Zak. The division decided to submit to Government a resolution requesting authorization for the credit associations to trade in grain and other agricultural produce. A motion was also adopted inviting the Government to build grain store-houses. The division also expressed its desire that larger amounts be taken from the funds of the State Savings Associations, to be granted as loans to credit co-operative societies, so as to facilitate their foundation and the development of their work. It was also decided that the interest on loans granted by the State Bank to the credit co-operative societies must not exceed 4%.

The discussions in the agricultural division principally related to the funds to be furnished to agricultural co-operative societies. The division recognised that the advances made in money to the co-operative societies by the State and the zemstvos, had been up to the present of a more or less exceptional nature, and that this must be considered as one of the principal reasons why Russian Agricultural Co-operation had had but a comparatively small development. The division passed a resolution for the

formation of a fund under the management of the Minister of Agriculture, out of which loans might be granted to agricultural co-operative societies. The division also adopted a resolution for the establishment of closer relations between the credit co-operative societies and the agricultural co-operative societies and the foundation of co-operative associations for collective farming.

Another matter entered on the programme of this division was connected with the general principles of the propaganda of co-operative ideas. Among the speeches delivered on this theme we shall mention those of MM. Chimanovski and Miroloubov.

Finally, the agricultural division adopted the following resolution: "The Congress expresses its desire for the publication in *Russian* of the *Bulletins of the International Institute of Agriculture* in Rome, dealing with agricultural co-operation, the agricultural division recognising the great utility of these Bulletins for the advancement of the work of agricultural co-operation in Russia."

The division of the zemstvo institutions had also a large number of important questions to deal with. Among the addresses delivered, let us mention those of Sokolov and Platonov, relating to the work of the zemstvos in the field of co-operation. The pressing matter of the popular credit banks of the zemstvos, last year so often discussed in the congresses of the representatives of the zemstvos and of the co-operative credit societies, was also examined by this division (1). The division concluded that such banks must be founded in every district where there are zemstvo institutions. The banks, which, up to the present, have granted credit to co-operative societies and to private persons, must in the future refuse it to the latter. The division, attributing considerable importance to the zemstvo banks, expressed the desire that they should undertake the whole work of co-operative credit (foundation of co-operative societies, instruction of the technical staff of these societies, opening of credits), and that the State should limit its intervention to giving credits to the zemstvo popular credit banks, and to the general supervision of their business from the financial point of view, leaving the co-operative organizations to develop freely by themselves.

The reform of the rules of the zemstvo banks formed the subject of an address by Higniakov. The Congress gave its unanimous approval to his proposals for the suppression of the paragraphs relating to credit to private persons and for the extension of the sphere of action of the banks.

The Congress, in one of its sittings, celebrated the 4th. anniversary of the institution of the S. Petersburg division of the "Committee of Credit,

(1) With regard to this matter we refer our reader to the special study on the zemstvo banks in a preceding number of this bulletin.

Savings and Industrial Associations." State Councillor P. Issakov, President of this division and, as we have said, also President of the Congress, read the report of the work accomplished by the division since its institution, and the Congress adopted a resolution expressing its recognition of this fruitful work.

Proposed Law on Co-operative Institutions.

1ST. SECTION.

CO-OPERATIVE ASSOCIATIONS.

I. — General Provisions.

Art. 1. By a co-operative association shall be understood any group of an unlimited number of persons, which, under one name, proposes to provide for the requirements of the economic or industrial business of each of its members.

Art. 2. Co-operative societies may be formed either for purposes of production, for sale or purchase, for credit operations or for other undertakings of an economic character.

Art. 3. The co-operative society may be formed for one or for more of the objects specified in art. 2.

Art. 4. Persons of either sex, as well as institutions which have civil personality may be members of the co-operative association.

With the exception of the credit societies, any co-operative society may admit as a member any person 17 years of age. But members who have not attained their majority may not be elected as members of the administration nor of the councils, nor be appointed representatives or agents for the inspection of societies.

Art. 5. Co-operative associations may unite in federations, the form for the constitution of which is given in the IInd. Section of the present law.

Art. 6. The mutual relations of the members of the co-operative association, as well as the relations between the co-operative society and outsiders shall be regulated by the provisions of the present law and the rules of the respective associations.

The provisions in the rules may vary from those of the present law only so far as such variations shall be explicitly admitted in the text of the law.

II. — *Constitution of Associations.*

Art. 7. The rules of the co-operative association shall be deposited in triplicate in the office of the registrar of the local law court, in order that it may be ascertained whether they agree perfectly with the provisions of the present law.

Within a month from date of deposit, the law court shall return to the founders two copies of the rules duly authorised, or shall communicate to them its refusal to authorize, with its reasons.

Appeal against the decision of the tribunal of first instance shall be admitted, according to the usual procedure.

Art. 8. The rules for which authorization is requested must contain the following indications :

(1) the title of the co-operative association and the head quarters of its administration ; (2) the object for which it is formed ; (3) the term for which it is formed, if its object is of a temporary nature ; (4) the form to be observed for the admission of members and their retirement ; (5) mode of forming the initial capital and other funds ; (6) amount of the shares, if there are shares ; (7) method of inspection as well as of approval of the annual balance sheets and reports ; (8) composition of the Board of Management, forms to be observed in the appointment of members of the board and term for which they are appointed ; (9) manner of distributing the profits and losses among the members ; (10) limits of the joint and several liability of members, that is, whether the liability is unlimited or limited, and to what degree ; (11) manner of convoking the general meetings.

The rules may contain other provisions, provided they are not contrary to the laws in force.

Art. 9. — The rules once authorised, the first general meeting, at which at least 20 members must be present, shall elect a board of management, which must present to the local Chamber of Finance the minutes of the meeting and an authorised copy of the Rules (Art. 7), in order that the new association may be registered as a co-operative society.

The Chamber of Finance shall, within a fortnight, deliver to the board of the society a certificate of registration.

Only those persons shall be liable for engagements that may be entered into in the name of the society before its registration who have themselves made the engagements.

In the case of eventual amendments or supplementary provisions, the forms for the constitution of the associations must be observed.

Art. 10. At the end of every year the board of management of the society must prepare lists : (1) of the members, (2) of the shares paid up

by each member, and (3) in the case of co-operative credit societies it must publish the amount of credit opened to each member.

Art. 11. The co-operative association once registered shall acquire legal personality : it shall have the right to possess real and personal estate, as well as the right to engage in financial business, and to sue at law.

III. — *Rights and Duties of Members.*

Art. 12. The co-operative association may form what capital it requires (art. 2). The constitution of a reserve fund shall be compulsory in every case.

Art. 13. In associations of shareholders the maximum amount of a *share* must not exceed 100 roubles. By special provision in the rules, the members may be authorized to liberate their shares in instalments.

Art. 14. In unlimited liability co-operative societies no member may have more than one share. A member of an unlimited liability co-operative society may not be admitted as member in another unlimited co-operative society.

Art. 15. In case of failure of a society, its members shall be all jointly and severally liable ; in case of unlimited societies to the extent of all their property and in that of limited societies within the limits contemplated in the rules ; in co-operative credit societies the liability of each member shall be limited to ten times the amount of credit opened to him in the society ; in any case, each member must be liable at least up to the amount of the credit opened to him.

Art. 16. The member is liable for all the engagements of the society, including those entered into previously to his admission.

Art. 17. Every member is free to withdraw from the society. In absence of special provisions in the rules, the retirement shall count from the last day of the working year, provided the statement of the member's desire to retire be made in writing at latest three months before.

Art. 18. In absence of special provisions, the withdrawal of any member from the society through death shall be counted as dating from the last day of the working year in which the decease took place.

Art. 19. Any member of a co-operative association may be expelled for the reasons contemplated and in the manner indicated in the rules. In absence of other provisions, the right of expulsion shall in every case rest with the general meeting.

In absence of special provisions in the rules, the last day of the working year shall be considered as the date on which the expelled member leaves the society ; yet from the moment notice of his expulsion has been given to him, he shall lose the right of attending the general meetings, or acting as member of the board of management or the council.

Art. 20. Members spontaneously retiring or expelled from the co-operative society shall be liable for the period provided in the rules, and, in absence of other provision on the matter, for a year from date of their leaving, equally with all the effective members, for engagements entered into by the society before their retirement or expulsion.

Art. 21. If the association is dissolved before the expiration of the period for which the retired member is liable, (Art. 19), he is nevertheless assimilated to the effective members as far as his right of co-proprietor and his liability are concerned.

Art. 22. On the expiration of the term contemplated in the rules and, in absence of other provisions, the expiration of a year from the closing of the accounts of the working year in which the member has retired, restitution shall be made to him of the payments made by him on his shares, with deduction of any share of losses charged against him, or addition of any amount due to him as his share of the profits realised.

In absence of special provision in the rules, member who have retired from the association have no right to any part of the reserve fund or other property belonging to the association.

Art. 23. In absence of special provision in the rules, any member shall be free to transfer his rights and liabilities towards the association to another person, who shall be thus admitted as a new member with due observance of the forms contemplated in the rules ; in such case the retiring member shall have no account to settle with the society.

Art. 24. The share capital belongs to the association and is not subject to seizure either altogether or in part, for any debt or engagement contracted by any individual member.

As long as the member remains in the association, his personal creditors can only assert their rights over the portion of the profit he may claim.

IV. — *Administration of the Business of the Association.*

Art. 25. The conduct of the business of the co-operative association shall be entrusted to the general meeting, the board of management and the council, if the institution of the latter is contemplated in the rules. The board of management must be composed of at least three members elected among such members of the society as have at least attained the age of 21 years.

The board may, on its own responsibility, entrust the despatch of business to a single person.

Art. 26. The board shall represent the society and conduct its business without a special power of attorney being necessary for the purpose.

The rules shall indicate the manner of the despatch of business by the board as well as the manner of conducting the business of the society ;

in absence of provisions on the matter in the rules, the general legal provisions shall be conformed to.

Art. 27. The administration shall be obliged, a month before the calling of the annual general meeting, to prepare the annual report with balance sheet, profit and loss account, and the list of members, showing those who have left and the new members. These reports shall be submitted without delay to the examination of the council, if there is one ; they shall be afterwards, two weeks at latest before the general meeting, placed at the disposal of the members, so that they may consult them. In co-operative societies which have no council, examination of the accounts and proceedings of the board of management is entrusted to one or more persons appointed by the general meeting.

Art. 28. It shall be the part of the council, when its institution is contemplated in the rules, constantly to watch that the business of the society is conducted regularly, to examine the accounts and the proceedings of the board of management and generally to perform any duty that may be assigned to it at the general meeting.

The rules shall indicate the composition of the council, the term for which it shall be appointed, the manner of electing its members, and its competence.

The institution of a council shall be compulsory in the case of all credit co-operative societies.

Art. 29. It shall be the part of the general meeting, which must be called at least once a year : (1) to elect the members of the board of management or of the council, to elect or appoint the persons charged with the inspection of the business of the society ; (2) to examine and pass the reports, the distribution of profits and losses ; (3) to decide as to the amendments to be introduced into the rules and (4) to settle all matters not within the competence of the board of management or the council.

Art. 30. In co-operative associations of more than 300 members at least, if the provisions of the rules permit, the general meeting may, on its own initiative delegate its powers to a meeting of representatives ; the general meeting shall be free to revoke such decisions whenever it considers advisable. The rules shall show the mode of election, the number, the term for which the representatives are appointed and the limits of their powers, as well as the forms to be observed in their meetings.

Art. 31. The rules of the society shall indicate the mode of convoking the general meeting, the conditions necessary for its recognition as legally formed, as well as the procedure to be followed in its discussions and in the entering of the minutes.

Art. 32. The general meeting shall be called by the board whenever it considers necessary or at the request of the council or at least of $\frac{1}{10}$ th. of its members.

Art. 33. The general meeting shall be recognised as legally constituted, if the members present, in addition to those of the board of management and of the council, form $\frac{1}{10}$ th. at least of the total members, unless the rules require the presence of a larger number of members. For decision in the matter of the dissolution of the society, the presence of at least $\frac{1}{3}$ rd. of the members shall be necessary.

In the general meeting each member shall have right to only one vote. Voting by proxy shall not be permitted.

Art. 34. The board of management and any private member may appeal against the decisions of the general meeting within the term of one month; the appeals must be made to the local magistrate. In actions at law brought by the management, the society shall be represented in court either by the council or by a representative specially elected for the purpose.

V. — Dissolution of the Society.

Art. 35. The co-operative society shall be dissolved: (1) on expiration of the term contemplated in the rules, unless the general meeting decides that it continue working; (2) in conformity with a decision of the general meeting, or the meeting of representatives, if the rules give it this power; (3) by sentence of the courts and (4) in case of declared insolvency.

Other reasons for dissolution may be included in the rules.

Art. 36. If the number of members of the society is reduced to nineteen, the board of management shall be obliged without delay to call the general meeting which shall pronounce the dissolution of the society.

Art. 37. The co-operative association may be dissolved by decision of the local district court on the demand of a member, if the society has rendered itself guilty of breach of the provisions of its rules, or on the order of the Governor of the Province, if its action is contrary to the general interests of the State or morality.

Art. 38. If it is found that the liabilities of the society exceed its assets, or, especially in the case of credit co-operative societies, if the initial capital at their disposal at the commencement of the working year has decreased by half and has not been brought up again to its original amount in the course of the year, as well as in case of suspension of payment on the part of the society, for want of sufficient funds, the board of management shall be obliged without delay to apply to the court for the declaration of the insolvency of the society.

Art. 39. The liquidation of the business of the co-operative association shall be entrusted to the management, unless, in terms of the rules

or by virtue of a decision of the general meeting, other persons are entrusted to undertake it. In the latter case, the liquidators must be at least three in number.

At the request of the council or of $\frac{1}{10}$ th. of the total number of members, the liquidators may be appointed by the local courts.

The liquidators appointed by the court may not be deprived of their mandate by the general meeting of the members of the society.

Art. 40. The liquidators shall be subject to the general regulations and provisions in force for members of the board of management. They shall be, like the members of the board, subject to the control of the council.

Art. 41. As soon as the society is declared in liquidation, the liquidators must first of all prepare a complete statement of the accounts of the society and deposit in the court.

The liquidators shall despatch the current business of the society ; and they may engage in new business, if the liquidation of current business renders it necessary.

The liquidators shall act in the place of the society ; they shall provide for the recovery of claims and for the sale of property belonging to the society.

The sale of real estate can only be made by the liquidators by means of public auction, unless the rules or the decisions of the general meeting have made special provision in the matter.

Art. 42. The distribution of the assets of the society among members may not take place till after the complete payment of the debts of the society and until the end of a year from the day on which the society went into liquidation.

The liquidators shall deduct the necessary amounts to meet disputed claims or debts not yet matured.

The liquidators who shall be guilty of breaches of the above provisions shall be jointly and severally liable both towards the society and towards its creditors. The members of the council shall incur the same liability, if the breach of the rules has been committed with their knowledge and without remonstrance on their part.

Art. 43. After having paid the debts of the society and consigned to the district treasury the amounts kept back, the liquidators shall divide the available balance among the members, in conformity with the provisions in the rules.

Art. 44. The liquidation once terminated, the liquidators shall prepare their report and deposit it in the local court for registration of the dissolution of the society.

The books, portfolios and documents of the co-operative association shall be deposited by the liquidators in the Chamber of Finance, which shall keep them for ten years, permitting any of the former members of

the society or their representatives to consult them, and supplying them with copies or extracts.

Art. 45. The co-operative credit associations shall be liquidated in conformity with the provisions in force for the liquidation of credit establishments generally.

Art. 46. Immediately after the declaration of the insolvency of a co-operative society the engagements of which are guaranteed not only by its assets, but also by the personal property of its members, the judicial liquidators, after having prepared the first statement of accounts, shall fix the amount each member must pay towards settling the debts of the society.

Art. 47. In absence of special provision in the rules, the members shall pay the amounts needed for settlement of the debts of the society in proportion to the share of each in the profit and loss of the society.

Art. 48. If at the moment of the final settlement of accounts it is found that the amounts paid by the members are insufficient to meet all the engagements of the society, the members shall be obliged to provide the necessary balance for which they are all jointly and severally liable.

Art. 49. If the members do not spontaneously pay the amounts due from them, the judicial liquidators shall present their deed of liquidation for the approval of the Court which shall have declared the insolvency of the society.

The Court, before giving sentence, must fix a day on which to give audience to the members of the society.

As soon as the sentence of the Court shall have acquired force of law, it shall give the judicial liquidators a writ of execution for the recovery of the sums due from each of the members of the society.

2ND. SECTION.

FEDERATIONS OF CO-OPERATIVE SOCIETIES.

VI. — *General Provisions.*

Art. 50. By a federation of co-operative societies shall be understood any union of an unlimited number of co-operative associations, which, under one name, shall have for its object a common action aiming at the development of the business common to the co-operative societies forming part of it.

Art. 51. Federations shall be allowed among all classes of co-operative societies, whatever the object of their business may be.

Art. 52. The federation, as an independent co-operative institution, shall be authorised to conduct the operations specified in art. 2, in accord-

ance with the object of the work of the various societies composing it, and also special operations contemplated in its own rules.

Art. 53. Besides, it is the duty of the federation : (a) to inspect the federated co-operative societies ; (b) to collect and publish statistics of the work of the federation and of each of the societies forming part of it and to publish periodical or special publications dealing with co-operation and (c) to convoke congresses to decide upon various questions of the day.

Art. 54. The mutual relations of the federated societies, as well as the relations between the federation and outsiders, shall be regulated by the present law and the rules of the federations.

VII. — *Constitution of the Federation.*

Art. 55. The rules of the federation shall be authorized and the federation itself registered in the manner provided for in articles 7 and 9 of the present organic law ; the rules presented for authorization must be signed by the representatives of the societies, who must be at least 5 in number ; the first general meeting of the federation shall be recognised as legally constituted, if the representatives of the federated co-operative societies present are at least ten in number.

Art. 56. The rules of the federation must indicate the details mentioned in numbers 1-5 and 7-II of art. 8 of the present law, and further indicate the number of representatives to be elected by each of the societies to take part in the meetings of the federation, the term for which they are elected, as well as the forms to be followed in the inspection of the federated co-operative societies.

VIII. — *Rights and Duties of the Members of the Federation.*

Art. 57. The federation must have an initial capital composed of payments to be made by the federated co-operative societies in the manner provided for in the rules of the federation.

Art. 58. The engagements entered into by the federation shall be guaranteed by the entire assets of the latter ; in federations for credit operations (lending and borrowing) and for receiving deposits, the engagements of the federation shall be guaranteed not only by the assets of the society, but also by the federated co-operative societies, each of which shall be liable up to the amount of credit opened for it by the federation.

Art. 59. Any of the co-operative societies shall be free to withdraw from the federation observing the forms indicated in the rules ; in the federations the members of which are liable for the engagements of the fed-

eration in proportion to the credit opened to them, the retirement of a society shall date from the last day of the working year, provided the society shall have notified its intention to withdraw, in writing at least three months before.

Art. 60. Co-operative societies that do not observe the provisions in their rules or in those of the federation, have failed to maintain their engagements, or are guilty of action injurious to the federation may be expelled from the latter by decision of the delegates' meeting.

IX. — *Management of the Business of the Federation.*

Art. 61. The Management of the business of the federation shall be entrusted to the delegates' meeting, the board of management and the council, if the rules provide for the institution of the latter.

Art. 62. The delegates' meeting shall be composed of persons elected for the purpose by co-operative societies federated in the manner indicated in the rules of the federation. Every society shall have a right to one vote at the meeting.

Art. 63. The delegates' meeting shall be called by the board of management whenever the latter shall judge necessary, or on the request of the council or of the boards of management of $\frac{1}{3}$ th of the total number of federated societies.

Art. 64. The meeting shall be recognised as legally formed if the delegates taking part in it represent at least two thirds of the total number of federated societies.

Art. 65. The board of management of the federation must be composed of at least three members, elected among the delegates of the federated societies.

Art. 66. Independently of the provisions of Articles 61-65, the provisions of Arts. 26-29, 31 and 34 of this present law are applicable to the federations.

Art. 67. In case of dissolution of the federation, the provisions of arts. 35-37, 39-45 and 47-49 of the present law shall be applicable.

Art. 68. Immediately on the declaration of the insolvency of a federation the engagements of which are guaranteed by its members in terms of art. 58 of the present law, the judicial liquidators, after preparation of the first statement of accounts, shall settle the amount to be paid by each of the federated societies in settlement of the debts of the federation.

2. Results of the Official Statistics of the Co-operative Organisations in Russia.

Sources :

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Publications of the General Management of Agriculture and Agricultural Organization. The Agricultural Societies in Russia (1911). The Agricultural Associations in Russia in 1910 and 1911.

§ 1. General Statistical Results.

The official statistics of the co-operative organizations in Russia only deal with two classes, that is, the co-operative credit and agricultural co-operative organizations. The statistical service occupied with credit co-operation works at the Department of Finance (General Management of the Division for Popular Credit); the statistics it publishes do not, however, include those for the rural credit organizations of the Polish provinces, now called *gmine* banks, and placed under the supervision of the Home Department (Zemstvo Division). Finally, the collection of statistics for the agricultural co-operative organizations is entrusted to the General Management of Agriculture and Agricultural Organization. There are no official statistics for the co-operative distributive organizations; the authorities limit themselves to approval of their deed of foundation and their registration by the provincial governors.

On January 1st., 1912 (old style) the following co-operative credit organizations were working :

5,562 *credit associations* (not exacting fixed contributions on shares in the deed of admission of members) regulated by the model rules of September 14th., 1905 (old style) and either limited or unlimited, according to the desire of the members (most of these have adopted the system of liability limited to twice the amount of credit opened to each member.).

2,476 *credit and savings associations* of limited liability ;

1,405 *communal credit and savings banks* (law of December 5th., 1905). These banks differ from the above *credit and savings associations*, in that they may only be founded by one or more independent bodies of the communal administration, such as the *volostes*, the *stanitsa*, the rural communes (if these are composed of villages or groups of tenant farmers). These banks are founded by the vote of a majority of two thirds of the persons concerned, who must be voters for the communal assembly.

7 federations of popular credit establishments (of which only five conduct financial operations) including altogether 105 organizations; each federation has its special rules;

107 zemstvo popular credit banks, regulated by uniform rules of the model published September 19th., 1906. These banks have the following functions; to lend their assistance either to individuals or to associations for the facilitation of the development of their economic undertakings and the purchase of the necessary equipment: (a) providing them with money under the form of banking operations, as well as buying and selling on commission, and (b) encouraging the institution and development of co-operative credit organizations. These zemstvo popular credit banks have no members: they are independent departments of the zemstvos.

Besides these co-operative institutions, there are in Russia also special popular credit establishments either for *corporations*, or for definite *classes* of the rural population (in the category are also included the 1,405 *communal credit and savings banks* mentioned above). According to the latest reports (January 1st., 1909) these credit establishments were 3,792 in number and distributed as follows:

1,966 styled *savings* and *subsidy* banks, regulated by the law of May 7th., 1840;

113 people's banks, founded in terms of a law of May 1st., 1859 for the former serfs of the appanage estates;

750 popular credit establishments deriving their resources from various special funds of the *mir*, such as: revenue from the concession of licenses for sale of liquors, etc. (the institution of these credit establishments dates from 1860-70).

795 rural and *voloste* banks, dating from 1883 (model rules of January 1st., 1885). These banks are founded by vote of one or more rural communes; their initial capital is formed by advances out of the available funds of the *mir*; the maximum amount of deposits they may receive must not exceed five times their initial capital. No limit is fixed for the loans to be granted to individual borrowers: it is left to the bank itself to judge up to what amount credits may be opened for such and such a customer. Since January 1st., 1905 no new banks of this kind are authorized:

118 communal and savings banks founded previously to 1904 the rules of which differ slightly from those promulgated December 5th., 1905 for similar banks.

23 *orphans'* banks of the German colonists of South Russia, instituted in 1859;

27 banks for native *bashkirs*, dating from 1864;

To the above popular credit establishments we must add the savings and credit establishments (*gmine* banks) for the agricultural population

of the old Kingdom of Poland. The most recent data we possess on these banks are of January 1st., 1907; at that date they were 1,338 in number. Since the promulgation of the law of 1904 on popular credit establishments, we find a general tendency for these special banks to transform themselves into credit co-operative organizations, especially into communal co-operative banks regulated by law of December 5th., 1905. On January 1st., 1912 the special banks thus transformed into co-operative organizations (during the years 1909-10-11) were 653 in number; these 653 banks are included in the above 1,405 communal credit and savings banks.

To arrive more or less exactly at the number of credit co-operative organizations at work on January 1st., 1912 we should, strictly speaking, deduct 653 from the total 14,687 which would give 14,034 credit co-operative organizations for the current year.

According to date of foundation, these organizations may be subdivided as follows:

(1) of the 5,562 credit co-operative organizations (not requiring payment of fixed contributions) limited or unlimited, 306 were founded in 1903, 1,614 in 1904-07, and 3,642 in 1908-11.

(2) of the 2,476 limited credit and savings associations, 877 were founded in 1903, 348 in 1904-07 and 1,251 in 1908-11.

(3) 1,405 Credit and Savings Banks for special corporations were founded in 1906-11 (in this number are included 703 popular credit establishments founded before 1905 and afterwards transformed);

(4) 107 *zemstvo* popular credit banks have been founded in the period 1907-11;

(5) 5 federations of popular credit establishments were founded in the same period (1907-11);

(6) the origin of the other popular credit banks dates, as has been indicated above, from the period 1880-1905, being anterior to the promulgation of the law of June 7th., 1904 now regulating the popular credit service.

§ 2. *Glance at the Statistics of the Co-operative Organizations.*

Passing to the examination of the financial situation of these organizations we find that:

(1) The co-operative credit associations had, on October 1st., 1911, 127 million roubles, 69 million (54 %) of which were deposits, 32.2 million (25 %) loans, namely, 22 million under form of loans (at short maturity) contracted with the State Bank, 6 million borrowed from the *zemstvo* and 4.5 million from private persons; and an initial capital of 14 million roubles (8 million being furnished by State institutions).

(2) the banks styled *credit and savings* banks had at the same date 175 million roubles, of which 114 million (65 %) in deposits, 30 million

(17 %) in members' shares ; 3 million (1.5 %) borrowed from the State Bank, 3 million (1.5 %) from the zemstvo, and 6 million (3.5 %) from private persons ;

(3) the communal credit and savings banks and other popular credit banks for the peasants had a total capital of 70 million roubles, 36 million (51.5 %) in deposits and loans, 33.5 (48 %) of their own capital and 0.5 million (0.5 %) furnished by various State institutions ;

(4) the funds of the federations consisted of an indeterminate amount placed at their disposal by their affiliated co-operative organizations ; the federations were not authorized to receive deposits ;

(5) the zemstvo popular credit banks on January 1st., 1912, had 30 million roubles, 22 million of which (73 %) in deposits, 7 million (23 %) provided by the zemstvo and about 1 million (3 %) supplied by various State institutions.

Thus, of the total 402 million roubles at the disposal of the credit co-operative organizations on the 1st./14th., October 1911, 241 million (60 %) consisted in deposits and loans and 35 millions (9 %) in funds furnished by various State institutions. The remaining 126 million roubles were, for the most part, personal property of the co-operative organizations. On an average, in Autumn 1911, we find 75,000 roubles per *credit and savings bank* and 25,000 per *co-operative credit association*.

An examination of the accounts of the agricultural co-operative societies and associations shows that on the 1st April, 1911 there were altogether 3,103 at work. This number includes 2,633 agricultural societies of general character, divided each of them into various classes and 470 societies or associations for such or such special class of agricultural industry.

This latter group was subdivided as follows :

Object of the Association:

Agriculture	172	36.5
Fruit Cultivation, Market Gardening, Hop		
Growing and Viticulture	107	22.8
Poultry Keeping	55	11.7
Pisciculture and Fishing	48	10.2
Livestock Improvement and Dairying	45	9.6
Extension of Agricultural Knowledge	14	3.0
Acclimatation, etc.	9	1.9
Forestry	7	1.4
Distillery	6	1.2
Small Manufactures	5	1.2
Sericulture	1	0.2
Entomology	1	0.2
Total	470	100

Besides these agricultural associations for special purposes there were various agricultural societies with departments specially devoting themselves to this or that particular branch of agriculture.

These special departments (or committees) were found in 20 agricultural societies; their total number was 230 and they were distributed as follows:

Livestock Improvement	59
Fruit Culture and Horticulture	42
Agriculture generally	36
Manufacture of Agricultural Implements, etc.	18
Agricultural Instruction	21
Sale of Agricultural Produce	9
Agricultural Improvement	5
Rural Credit and Economics	15

(In this class are included: (a) the Committee for Credit and Industrial Associations in the Moscow Agricultural Society and (b) the Petersburg Division of this Committee, with three subdivisions: credit, agricultural and distributive co-operative organizations).

Miscellaneous (organizations of shows, museums, etc.)	15
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According to the dates of their foundation, these 3,103 agricultural societies and associations may be classified as follows:

214 of the 2,633 *Agricultural Societies* are of a date anterior to 1900, (the most ancient is the Imperial *Free Economic* Society founded in 1765);

465 societies were founded in	1900-1905
1,954 " " " "	1906-1911

The 470 special agricultural co-operative societies may be divided as follows:

121 were founded before	1900
119 " " "	1900-1905
230 " " "	1906-1911

Of the above number 1,752 societies (58 %) were founded in terms of the law of 1898 (registration by the Provincial Governors), 812 (27 %) according to the regulations of March 4th., 1906 (declaration and registration at the Registration Office); the other Societies are regulated each by special rules approved by the Agricultural Department in agreement with the Home Office.

The agricultural *associations* on the 1st. January, 1911 were 273, 160 of them of general character and 113 of special character (33 of them being *artelles*). These 113 special associations were divided as follows :

Dairies, etc. (32 of them <i>artelles</i>)	76
Collective Employment of Agricultural Machinery and Imple- ments	11
Viticulture	9
Apiculture (1 <i>artelle</i>)	5
Fruit Cultivation and Market-Gardening	4
Livestock Improvement	3
Production of Seeds	1
Sericulture	1
Production and Sale of Starch	1
Fishing	1
Agricultural Improvements	1

These associations are of relatively recent foundation : 133 were founded in 1910 ; the rules of the other associations were approved in the period 1890-1910.

Most of these co-operative organizations are regulated by the rules of 1908 ; others have special rules. The agricultural *associations* differ from the *Societies* (in their rules) in so far as their members are jointly and severally liable for the engagements they enter into, so that each of them may conduct commercial or financial operations with the credit opened to him by the association ; there is, on the other hand, no bond, as far as material liability is concerned, between the members of an agricultural *society*, the mission of which generally consists in the extension of agricultural instruction.

As regards the number of members and the total business done by the agricultural co-operative organizations we have only data in the case of 50 of them (1), 31 of which have a general character and 19 a special scope.

(1) This limited number of returns is due to the fact that, as the agricultural organisations receive no financial assistance from the Treasury, they do not feel themselves bound to send reports to the public authorities.

On January 1st., 1910 these organizations had 9,319 members.

15,382 shares

140 establishments for sale

Capital of the Organizations :	Shares	2,022,246.07
	Reserve Fund . .	447,219.29
	Special Fund . . .	206,325.98
	Total	2,675,791.34

Real and Personal Estate 1,157,972.89

Loans 6,382,479.12

Goods in Deposit (Stock in 1909 and Goods Received
in 1910). 20,784,385.06

There were sold :

Goods belonging to the Organizations 13,888,931.49

Goods on Commission 4,871,218.46

Net Profit 452,041.29

Recapitulating, all the official data we possess on the credit agricultural co-operative organizations show us a total of 17,410 organizations. If we add to these the distributive organizations and those for production for which there are no official statistics (the Petersburg Division of the Committee for Agricultural and Industrial Associations is preparing such statistics and the result of its labours will soon be published), but the *approximate* number of which is 5,500 for the co-operative distributive organizations, 340 for those for production and 1,510 for the buttermaking *artelles*, we have an approximate total number of 24,760 co-operative organizations working in Russia.

We find that most of these credit and agricultural organizations have been founded within the last 8 years and that organizations not demanding immediate payment for shares predominate; in the above period 5,256 organizations of this type, new in Russia, were founded, in a total of 7,937 agricultural and credit co-operative organizations. The extraordinary development assumed by the credit co-operative organizations is due to the large funds placed at their disposal by the State. According to the "*Messenger of Popular Credit*," (official organ), on March 1st., 1912 the total amount opened in favour of these organizations was 104,649,600

roubles. The *debit balance* (in the credit account) of the credit organizations was at that date as follows: *initial* capital account, 16,803,600 roubles, (8,939,600 provided by the State Savings Bank in terms of the law of June 21st., 1910) and short term loans account, 31,539,000 roubles (on July 1st., 1911).

In addition to these credit co-operative organizations, we must note the foundation of zemstvo popular credit banks (co-operative organizations of recent origin in Russia). These banks at first played the part of intermediaries between the *zemstvo* and the organizations, but in the absence of Federations of Co-operative Organizations in Russia (there are only in fact 7, of which practically only 5 are working), the *zemstvo* banks have gradually assumed the part of central banks not only for the banks founded by the *zemstvos* but also for other credit co-operative organizations.

II. — RECENT NEWS.

The Moscow People's Bank and its Origin. — The constituent meeting of the *Moscow People's Bank* was held on the 10th./23rd. of last April. 450 shareholders, representing urban and rural co-operation, and owning 1,824 shares with right to 521 votes, took part in it.

On April 29th. (May 12th.), 1912, the Bank was opened for loan and discount business, and the Board of Management elected a committee to supervise the work.

The *Moscow People's Bank* was founded on the initiative of the First National Congress of Co-operative Societies held at Moscow in 1908. It is to be observed that the original intention was to found a Popular Credit Bank for the whole Empire at the expense of the State. Resolutions in this sense were passed successively : in 1896 by a Congress of Commerce and Industry at Nijni-Novgorod, in 1905 by a Regional Congress of Representatives of Popular Credit at Samara, in 1906 by a Regional Congress of Popular Credit at Voronetz and in 1907 by a Congress of Popular Credit at St. Petersburg. But the National Congress of the Co-operative Societies at St. Petersburg, called to decide on the proposal for the institution of a Popular Credit Bank for the whole Empire, declared that it would be preferable first to institute, in imitation of the Italian People's Banks, a Bank with a more restricted field of action. The resolutions passed by the Congress on this subject, were as follows :

(1) The Congress, while recognising in principle that the foundation of a Co-operative Bank extending its business to the whole Empire would be necessary for the regular development of the co-operative organizations, still considers that the institution of such a bank would be inadvisable until the local co-operative banks of Russia have been developed and united in Federations, as without them the proposed bank could not give its business the desired extension and its very existence would be seriously compromised ;

(2) The moment is more favourable for the institution in Moscow of a Popular Credit Bank, similar to those working in Italy, on the condi-

tion that this bank should assure itself, at the start, of the assistance of powerful co-operative organizations ;

(3) In order that the Bank may establish closer relations with the money market, not only may co-operative organisations but even private persons be admitted among its founders, on their giving sufficient guarantee of the sincerity of their attachment to the principles of co-operation.

These resolutions were adopted in conformity with the report of the special commission which long before the convocation of the congress had been instructed to study the question of the institution of a co-operative bank by the *Committee for Rural Credit, Savings and Industrial Associations*, instituted in connection with the Moscow Agricultural Society. This Commission was composed not only of persons experienced in matters of co-operation, but also of scientific representatives. To the same commission the Congress, after adoption of the above resolutions, confided the detailed elaboration of the plan for the institution of the bank with instructions to submit the project to Government for its approval.

On the closing of the session of the Congress, the commission entrusted Professor V. Geleznov of the University of Moscow and Prof. A. Antsiferov, of the University of Kharkov (author of a work on agricultural co-operation in Germany and France), to draw up, in conformity with the principles formulated at the Congress, a scheme of rules for the popular bank. Professors Geleznov and Antsiferov drafted the scheme and submitted it to the commission.

In its general lines, it was conceived as follows :

As there do not exist in Russia any federations of co-operative societies, even of small importance, the Moscow Popular Credit Bank must be based on the local co-operative societies (co-operative credit and savings banks and co-operative credit associations), that is to say, on organisations of the first degree, discharging with regard to them an office similar to that of the regional banks of Western Europe. Considering, however, that attempts are now being made for the union of the co-operative societies in federations, it may be foreseen that, in a more or less immediate future, federative organisations will be formed in Russia. So it has been considered advisable to draft the scheme in such a way as to admit federations of co-operative societies among the members of the Bank; thus, as these federations develop, the Bank may be transformed into a popular credit institution with its business extended to the whole territory of the Empire. For the present, seeing that the co-operative organisations of the first degree must form the principal contingent of the members of the Bank, it is small co-operative credit that must be taken as the basis of organization, so that the regional federations of co-operative societies will be admitted among the number of the members of the Bank simply as representatives of such or such a number of co-operative societies, and

it is not, so to say, the federation considered as a whole which will appear as member of the Bank, but rather each of the separate co-operative societies of which it is composed. In conformity with this principle, each of the federations will have a number of votes at the meeting corresponding to the number of co-operative societies of which it is composed. In addition to the co-operative societies and their federations, private persons will be admitted as members of the bank, under certain reservations, that is to say, in so far as they have the qualities necessary for members of an essentially co-operative institution. Private persons who lend their financial assistance to the Bank must not be inspired by the thought of personal gain, but rather by the idea that the capital they supply is to be used for the development of co-operative credit. In view of the comparatively humble mission the Bank will have at the start, its initial capital is fixed at 500,000 r. (1,330,000 frs.) in 5,000 *shares* at 100 roubles each. The Bank may begin operations as soon as its *paid up* capital amounts to 50,000 roubles. Private persons admitted among the number of members are liable for the engagements of the bank only up to the amount of the shares held by each ; the liability of the co-operative societies is far greater ; each is liable up to ten times the amount of its shares. Any member liable to the amount of 1,000 roubles, (that is co-operative societies as soon as they acquire a 100 roubles share and private persons possessors of 10 shares) has a right to vote at the general meeting of the Bank. No member, however many shares he may hold, can have more than one vote at the general meeting, as is expressly stipulated in the rules, so as to safeguard the co-operative principle.

The Bank, as a general rule, may grant loans for short (1 year) or long (up to 5 years) terms, open credits or special current accounts, discount and rediscount bills, undertake purchase and sale on commission, and transfer and loan on the security of documents of title, exclusively in behalf of co-operative societies. In a single case only may the Bank discount the bills of private persons, namely : the private person may present for discounting exclusively bills on account of *purchases of sales of goods passed in favour of co-operative societies or by order of these*, that is to say, the bank performs these operations exclusively in the interest of the societies. The rules of the Bank contain no precise provision as to the limits of the credits to be opened by it to co-operative organisations, as it is reserved to the Bank itself to fix these limits by special regulations.

Private persons, although as a general rule they may not be customers of the Bank as far as concerns the loan and discount services, are, on the other hand, allowed to participate to an unlimited degree in the provision of funds for the working capital of the Bank (deposits, loans, etc.).

Except for the above provision, according to which voting rights are not directly in proportion to the shares held, but to the voter's

liability for the engagements of the Bank, the organisation of the Bank, as far as concerns its management, is generally similar to that of banks limited by shares. The board of management is composed of five members, elected for three years from among the members, on the proposal of a board of supervision. This latter is composed of from 9 to 15 members, elected for three years by the general meeting. All members may take part in the general meeting, but only those have right to vote whose liability for the engagements of the bank is at least 1,000 roubles, that is to say, all co-operative societies that are shareholders and all private persons who hold ten shares.

The net profit from the operations of the Bank is distributed, according to the scheme, as follows: 20 % placed to the reserve fund, 10 % to the special fund for long term loans to establishments of popular credit, a maximum of 5 % to be distributed as bonuses to the managers and staff of the Bank, in accordance with decisions taken at the general meeting; 5 % to the fund for assistance to the employees of the Bank, according to the decisions of the general meeting; the available balance of the profits if not exceeding 8 % of the share capital shall be distributed as dividend among the members.

The scheme for the organisation of the Bank, prepared by Professors Geleznov and Antsiferov, such as we have exhibited it in outline was examined by the Commission in a series of meetings, to which the representatives of commerce and industry specially interested were also admitted; the commission adopted the scheme without any amendment whatever. The scheme of rules for the Bank in its final form and signed by the founders with, at their head, the names of N. Hubner, Major General in Reserve; V. Pereléchine, Nobleman; P. Sadyrine, Agricultural Engineer; was presented for the necessary approval to the Special Office for Credit Operations at the Ministry of Finance. The rules of the Bank were approved on the 3rd./16th. March, 1911 by the Minister of Finance and published on the 29th. September (12th. October) of the same year in the Collection of the Government Laws and Ordinances, N.^o 154.

Considerable amendments were introduced by the Government into the final text of the rules. The principal changes relate to the manner of forming the Bank capital and the conditions for commencing business. Thus, the Ministry of Finance rejected the proposal to fix the amount of a share at 100 roubles and raised it to 250 roubles; further, it did not agree to the Bank beginning operations as soon as the paid up capital amounted to 50,000 roubles, and made the constitution of the Bank conditional on its paying into the State Bank at Moscow, within six months from date of promulgation of its rules, that is by the 10th. April, 1912, the amount of 500,000 roubles, corresponding to 50 % of the nominal value of the shares (4,000 shares at 250 roubles each). Thus the founders

were obliged, within the term fixed by the Government, to get the shares taken up, and that among co-operative organizations, which was scarcely an easy matter. The co-operative newspapers show that at a given moment the difficulty appeared even insurmountable and that the founders entertained the idea of offering the remaining shares to foreign co-operative organisations; steps were taken in the matter and favourable replies received. However, it was not necessary to resort to this expedient, as the founders finally succeeded in placing all the shares in Russia.

Altogether 3,822 shares were taken up, as follows: 80 by 23 zemstvo popular credit banks, 1,399 by 701 credit co-operative societies, 678 by 290 credit and savings banks, 63 by 13 urban and *volost* credit and savings banks, 31 by four federations of co-operative credit, 57 by 2 federations of buttermaking *artelles*, 81 by 42 co-operative butter factories, 200 by the Muscovite Union of Distributive Co-operative Societies, 491 by 227 distributive co-operative societies, 52 by 18 agricultural co-operative societies, 38 by 9 credit and mutual aid societies, 35 by 9 *artelles* called *Exchange Artelles*, 4 by 2 co-operative associations, 8 by 4 zemstvo delegations and 605 by 160 private persons engaged in co-operative work (or less than 15 % of the total number of shares). The shareholders were classified as above in the deed of constitution of the Moscow Popular Credit Bank. (1)

The first general meeting of shareholders, after approval of the proposals of general character formulated by the founders for the working of the Bank, adopted the following resolutions:

(1) The Bank must be based on the existing co-operative federations, as well as on the non-federated co-operative societies and the zemstvo banks in so far as these substitute federations, and must encourage the formation of new co-operative federations;

(2) For the development of its action on scientific lines, the Bank must provide for the appointment of corresponding commissioners wherever necessary, choosing them exclusively from among the co-operative societies;

(3) The Moscow People's Bank must serve the interests of co-operation exclusively and devote all its available capital to the development of co-operative organizations.

(1) In the Co-operative Bank of Warsaw, instituted January 7th., 1910, (the first of the kind in Russia) the shares are distributed as follows; 1,301, or 32.5 % belong to private persons, 1,717 to establishments of popular credit, 611 to 72 mutual credit societies, 193 to 4 industrial credit banks; 97 to 17 agricultural societies, 44 to 13 distributive co-operative societies and 37 to various unspecified societies.

PART II.

INSURANCE.

INSURANCE

DENMARK.

CURRENT QUESTIONS.

Latest Results of the Law on Insurance against Agricultural Accidents.

Sources :

Beretning fra Arbejderforskringsraadets Landbrugsafdeling for Aaret 1911. Kjöbenhavn 1912.
(*Report of the Agricultural Section of the Workmen's Insurance Council for the Year, 1911*). Copenhagen. 1912.

§ 1. *Compulsory and Voluntary Insurance.*

The law of May 27th., 1908 on Insurance against accidents in Agricultural, Forestry, Horticultural, etc., Work has been in force since June 24th., 1909. The results of its working for the whole of the first two years, 1910 and 1911, have been published in a long report by the Agricultural Section of the Danish Workmen's Insurance Council, to which by law has been entrusted the supervision of its operation.

It will be remembered that the law, published and commented on in this bulletin (1) on the occasion of the publication of the first report of the Workmen's Insurance Council, contemplates two kinds of insurance, compulsory and voluntary.

We shall first of all deal with the former, including, on the one hand, labourers engaged in agriculture, forest exploitation and horticulture, provided the estates on which they work have been valued (2) at more than 6,000 crowns (£340), not including live and dead stock,

(1) See Bulletin of Economic and Social Intelligence, June, 1911, pp. 131 and 141.

(2) In the valuation, called "Ejendomskyld", by law of May 15th., 1903 substituted for the ancient system of taxation of agricultural property in Denmark.

For further details on the subject see the article : The Establishment of the Cadastre, etc. in Denmark, in the number of this Bulletin for June, 1912. p. 115.

and on the other hand all labourers employed on stud farms, in dairies, peatmoss bogs, reed banks, and working with threshing machines, as well as those engaged in any work accessory to one of those above mentioned.

The total number of accidents in agricultural work in 1911 among compulsorily insured labourers notified to the Labourers' Insurance Council was 2,369. Besides these, the agricultural section of the council noted in 1911, 877 other cases of the year 1910, which had not been dealt with in that year. On the other hand, at the end of the year, out of a total of 3,246 accidents that had to be dealt with there still remained 930 to be considered, so that the number really dealt with in the year 1911 was 2,316 against 1,978 in the previous year.

From this total of 2,316, 272 accidents were excluded, because the council found on enquiry that the law of May 27th., 1908 was not applicable in their case. The reason was that the incapacity or disease (in many cases hernia) did not seem to be caused by the accident reported. 206 other cases were refused consideration for judicial reasons.

Voluntary insurance, by the same law of May 27th., 1908, is permitted to owners and farmers of rural landed property, provided the value of the estate in the cadastre, in accordance with the law of May 15th., 1903 on land valuation, does not exceed 6,000 crowns (£340). This kind of agricultural labourers' insurance further differs from the other (compulsory) in being applicable to the master and his wife, when they meet with accidents either in working their own farm, or working for other proprietors of farms not subject to compulsory insurance. The number of accidents among the voluntarily insured notified to the board of insurance in 1911 was 227. To this number must be added 97 remaining over from the previous year and 127 must be subtracted as not finally dealt with at the end of 1911. Consequently, the workmen's insurance council during 1911 had dealt with 197 cases of accidents to the voluntarily insured as against 118 in 1910. From the 197 accidents, however, 50 were excluded as the law did not apply in their case; there therefore remained 147 accidents recognised by the council.

§ 2. Classification of Accidents according to their Consequences.

After this statement of the accidents declared in the compulsory and voluntary divisions respectively, let us examine their classification according to their consequences and the compensation awarded. To facilitate the estimation of the various cases presented in each of the classes, we have prepared the following table showing all the results for 1911 compared with those for 1910, already published in our June number of last year.

TABLE I.

Chief Statistical Results of Agricultural Labourers' Insurance.

	Year 1910			Year 1911		
	Compulsory Insurance	Voluntary Insurance	Total	Compulsory Insurance	Voluntary Insurance	Total
(1) <i>Number of Accidents:</i>						
Notified to the Agricultural Section of the Insurance Council	2,239	171	2,410	2,369	227	2,596
Accidents of Previous Year.	612	44	656	(2) 877	97	974
Total . . .	2,851	215	3,066	3,246	324	3,570
Still to be dealt with . .	873	97	970	930	127	1,057
Accidents dealt with in the course of the year . .	1,978	118	2,096	2,316	197	2,513
(2) <i>Consequences of Accidents:</i>						
(1) The Law on Agricultural Labourers' Insurance not applicable to	409	26	435	272	50	322
(2) Accidents without permanent consequences . .	1,130	48	1,178	1,378	76	1,454
(3) Accidents with permanent consequences . .	439	44	483	666	71	737
that is: (A) <i>Incapacity.</i>						
(a) degree of Incapacity up to 25 %	285	28	313	471	56	527
(b) " " 26-50 %	63	6	69	80	8	88
(c) " " 51-75 %	19	1	20	21	0	21
(d) " " 76-100 %	7	0	7	5	0	5
Total Incapacity . .	374	35	409	577	64	641
(B) <i>Death</i>	65	9	(2) 74	89	7	(3) 96
<i>Compensation Paid.</i>						
In case of Incapacitation <i>fr.</i>	305,496	24,480	329,976	425,340	40,680	466,020
in case of Death (2), (3) "	63,100	17,500	80,600	101,100	8,000	109,100

(1) Besides the 873 accidents not treated in 1910, there were also 4 accidents brought over, for which the decision taken in 1910 was not final.

(2) Of the 74 cases of death, only 37 gave claim to compensation, to survivors, 30 deaths of compulsorily insured, 7 of voluntarily insured, persons.

(3) Of the 96 cases of death only 50 gave claim to compensation to survivors, 46 deaths of compulsorily and 4 of voluntarily insured persons.

With regard first to the chief branch of agricultural labourers' insurance, that is, *compulsory insurance*, we see from this table that 1,378 of the 2,044 accidents recognised in 1911 in conformity with the law were classed as not giving claim to any compensation, because the council was advised that the victim had recovered his capacity for work either entirely or in such measure that the degree of his incapacity did not seem to amount to the 10% forming the minimum incapacity for which compensation may be given by the law.

All the other 666 accidents were the object of formal decision by the council which granted compensation either to the victim for permanent incapacitation (exceeding 10% of his normal working power) or to his heirs in case of his death. The number of accidents entailing death were 89, but in 43 cases the deceased left no one supported by him either partly or altogether; in these cases the council limited itself to the repayment of 50 crowns (£2 16s.) to those who had advanced the money for the funeral.

In the case of the other 46 deaths the deceased left persons who had been supported by him, in 39 cases entirely supported, giving the survivors claim to the maximum compensation in case of death 2,500 crowns (£140), or altogether 97,500 crowns (£5,400), and in 7 cases partly supported, for which compensation may not exceed 800 crowns (£44), or altogether 3,600 crowns (£204). We see that about half the persons dying in consequence of accidents leave families dependent on them. The total compensations paid to survivors having claim was therefore 101,100 crowns (£5,600) in 1911 against 63,000 (£3,600) the previous year.

Next come the compensations paid for permanent incapacitation, in 1911 for 577 accidents. The compensation is calculated according to conditions laid down by the law in proportion to the degree of incapacitation, so that the maximum compensation of 3,600 crowns (about £204) is granted in case of total incapacitation (100% of the normal capacity for work) and partial compensations will be given on the basis of lesser degrees ascertained and attested by medical opinion in each case. In this way altogether the amount of 425,340 crowns (£24,000) was granted in 1911, against 305,496 crowns (£17,000) the previous year.

As to the 147 accidents among the voluntarily insured, let us state that 47 did not involve permanent incapacity. There thus remained 100 cases, of which 29 gave no claim to any compensation. The other 71 accidents, that is the half, involving permanent consequences and giving claim to compensation, may be divided into 7 cases of death and 64 cases of incapacitation in varying degree.

Comparing these results with the corresponding figures for the voluntarily insured, in whose case, 1,378 of the 2,044 accidents, or 2/3rds., only entailed temporary incapacitation, we find that the accidents among

the voluntarily insured are comparatively more serious than those among the compulsorily insured. This is doubtless to be explained by the fact that the serious accidents to the voluntarily insured are notified by them to the insurance council, and their average age is greater (see § 3 of this article).

The compensations are calculated according to the same principles as for the compulsorily insured. The total compensations amounted to 8,000 crowns (£440), for the 7 cases of death, and to 40,680 crowns (£2,200) for the 64 cases of permanent incapacitation. The figures for the previous year were 17,500 and 24,480 crowns (about £1,000 and £1,400).

§ 3. Classification of Accidents according to the Age of the Victims, and the Causes of the Accidents.

The report on which the present article is based contains very interesting statistics upon the classification of the accidents according to the age of the sufferers and the causes of the accident. As such statistics are still rare enough in the field of agricultural personal insurance and their value increases in proportion as the data accumulate from year to year, we here give the figures for the year 1911, as we did before for the previous year in the number of this bulletin for June, 1911. The classification of the 666 accidents befalling the compulsorily insured, as well as of the 71 others befalling the voluntarily insured, according to the age and sex of the victims is given in the following table, from which it is seen that the victims among the voluntarily insured are relatively much older than among the compulsorily insured.

TABLE II. — *Classification of the Victims according to Age and Sex.*

Age	Compulsory Insurance			Voluntary Insurance		
	Men	Women	Both Sexes	Men	Women	Both Sexes
Above 15 years	41	5	46	2	0	2
Between 15 years and 19 years	94	24	118	0	1	1
" 20 " " 29 "	104	13	117	0	1	1
" 30 " " 39 "	75	8	83	4	6	10
" 40 " " 49 "	70	17	87	9	4	13
" 50 " " 59 "	87	8	95	10	6	16
" 60 " " 69 "	82	8	90	12	11	23
Above 70 "	28	2	30	3	2	5
Total . . .	581	85	666	40	31	71

The law of May 27th., 1908 only grants daily compensation to victims after the expiration of 13 weeks from date of accidents. (1) Consequently, the agricultural labourers must assure themselves of necessary assistance for this period of incapacitation by registering themselves as members of the sickness insurance societies recognised and subsidised by the State. The workmen's insurance council has made enquiries as to how many of the victims in 1911 were members of such a sickness insurance society. It appears from information received that of 2,011 victims only 919 or 46%, were members of a sickness insurance society, so that the rest, 1,092, received no subvention during the first 13 weeks, because they had not profited by the right the law gives them to the official sickness insurance funds.

The statistics on the *causes* of the 666 accidents giving claim to compensation according to the conditions of compulsory insurance, and of the 71 accidents to the voluntarily insured are perhaps of even greater interest. We reproduce below the following table showing the accidents entailing permanent incapacity (577 and 64) and those followed by death (89 and 7).

TABLE III. — *Agricultural Accidents in 1911 classified according to Causes.*

Accidents caused by	Compulsory Insurance		Voluntary Insurance (1) — Number
	Number	Percentage	
Agricultural Machinery	129	19.4	7
Falls	122	18.3	19
Carts	108	16.2	19
Horses	78	11.7	2
Landslips, Blows, etc. (2)	56	8.4	0
Horned Cattle	37	5.6	8
Implements	35	5.2	5
Other Accidents	101 (3)	15.2	11
	666	100.0	71

(1) The total figures are too small for the percentages to have any interest.
 (2) This heading corresponds to that of "Crushings" in Table IV of the article published in this Bulletin, June, 1911, p. 135.
 (3) Almost half of these (44) were caused by sharp substances, (thorns, blades of grass, etc.)

(1) See the law § 10-16, *Bull. of Social and Economic Intelligence*, June, 1911, "p. 143.

In addition to the insurance societies enumerated in the previous report, the *Skjold* insurance society has been authorized to undertake the risks contemplated in the law of May 27th., 1908.

The first article of the same law authorizes the Home Minister to extend its effects, on the advice of the council of insurance, to undertakings that may be assimilated to those already contemplated in the law. This provision has been twice applied since the coming into force of the law, that is to say, by Ministerial Orders of January 11th., 1910 and January 23rd., 1912, authorizing the insurance council to apply the law to labourers occupied in marlpits, and in the control of dairies, livestock improvement, etc., respectively.

In terminating this article, let us further observe, that the labourers' insurance council, at the request of the Home Office, has prepared a draft law for the codifying of all the provisions relating to labourers' insurance accidents. The Bill has been deposited in the Home Office to be presented eventually to the legislative authorities (the Chamber of Deputies and Senate) in the course of the next session, that is, this winter.

INSURANCE

FRANCE.

CURRENT QUESTIONS.

Development and Organisation of Mutual Aid Societies in France.

(Continued).

§ 2. Various Uses of Mutuality (Continued).

3rd. *Old age insurance societies for adults.* Children insured in a mutual benefit society pass on to an adult society which grants old age pensions. Let us first observe that these pensions are in no way to be confounded with those established by the law of 5th. April, 1910 for pensions to artisans and labourers. (1) A person insured, whether compulsorily or voluntarily, pays into the National Pension Bank or into a self-governing society the quota prescribed by the above-mentioned law. He may likewise pay into a mutual aid society another quota which, according to the rules of this society, gives him a right to another pension. He will profit by what he has paid into the State Bank under the law of 5th. April, 1910 and he will likewise profit by his mutualist payment under the law of 1st. April, 1898, thus drawing two pensions without the one interfering with the other.

This being understood, we may add that pensions may be granted by mutual aid societies out of the common inalienable fund, out of individual deposits or out of other accessible sources.

(1) *Common inalienable fund.*

Under this system, the sums which the society sets apart for the payment of pensions are placed in the Deposit Bank and form what is

(1) See *Bulletin of Economic and Social Intelligence*. July, 1911, page 151 and February 1912, page 127.

called *the common fund*, that is, a fund from which no individual member can withdraw what he has paid in ; it is the common possession of all the members past, present and future. Art. 23 of the law of 1st. April, 1898 stipulates that pensions supplied by the common fund constitute a capital reserved for the profit of the society.

The rules of the societies regulate the manner in which the common fund is to be formed, deciding whether State grants, donations, legacies, subscriptions of honorary members and other available resources shall go towards its formation or not.

This common fund is *inalienable*, that is to say, the society cannot in any case, interfere with it. It uses the interest of the common fund for payment of pensions and it can only be used for this purpose. The Society, however, has power to withdraw a certain amount of the common fund temporarily to acquire, as a reserved capital, stock in the National Bank for Old Age Pensions, up to the amount of a pension to be paid.

The amount of interest on the common fund deposited or withdrawn to be temporarily placed in the National Pension Bank for the purpose mentioned above is $4\frac{1}{2}\%$.

To have the benefit of pensions from the common fund, participating members must be not less than fifty years of age, must have paid their quota for fifteen years at least and have fulfilled all the conditions of the rules.

All societies which grant guaranteed pensions are obliged, every five years at least, to submit to the Ministry of Labour and Social Providence, a statement of their obligations, whether eventual or liquidated, and their corresponding resources, according to a formula furnished by the competent authority. They must, if required, modify their rules according to the results of these five yearly inventories.

In the first three months of every year the Deposit Bank must send to the president of every mutual society which grants pensions to its members, a list of those pensioners who in the previous year had allowed their pensions to fall into arrears.

(2) *Individual pension books.*

Pensions may also be paid on production of the pension-book (1) of the National Bank for Old Age Pensions. The mutual aid society requires of its members a special subscription paid for each pension book ; at the end of the year a portion of the profits of the society may be divided among the holders of such pension-books. These payments made by the

(1) At the first payment made for him by the society, the member receives a pension - book bearing his registered number and serving for all future payments; hence the name, individual pension-book.

society are drawn from alienated capital, or from capital reserved for the benefit of the society in accordance with its rules.

Members may make deposits in their own names in addition to those made for them by the society. The pension bank receives sums of from one franc to 500 francs in the course of one year. A pension paid to one person shall not exceed 1,200 francs and pensions of less than 360 francs can neither be distrained nor transferred. Members may at their pleasure arrange that the deposits made by them in person or by the society on their behalf shall take the form of alienated capital or capital reserved for the benefit of those entitled to it.

The law provides that holders of pension-books may be entitled to pensions through deposits made not only in the National Pension Bank, but also in independent banks, and article 27 determines the conditions and guarantees required for the establishment and working of such banks.

(3) *Available resources.*

To members above the age of fifty who have paid their subscriptions for fifteen years the societies may grant annual allowances, not life annuities, paid out of their available resources. Pecuniary indemnities, fixed every year in the same way as the above-mentioned allowances, in a general meeting, may be granted to members who have become infirm or incurable before the age fixed by the rules for life annuities.

2,021 authorised societies of adults paid in 1908 out of their independent funds 94,984 pensions, which were in arrears, to the amount of 7,595,617 francs; the average amount of each pension was 79.96 francs. From the same funds 29,111 supplementary pensions have been paid to those pensioners who were entered for the common pension fund, to the amount of 627,902 francs; the average amount of each supplementary pension was 21.56 francs.

The independent societies paid 8,811 pensions representing a total of 1,348,975 francs, the average amount of each pension was 153.10 francs,

The independent societies paid, in 1908, into the National Pension Bank 23,447 francs on the individual pension book deposits of their members.

2,320 authorised societies (of adults and of school children) have effected payments into the National Pension Bank on 646,070 individual pension-books to the sum of 2,271,510.45 francs, an average of 3.51 francs per pension-book.

On the 31st. December, 1908, 7,667 authorised societies (of adults and of school children) possessed in the deposit bank a common pension fund amounting to a sum total of 230,219,461 francs. If we compare this number 7,667, with the total number of societies authorised or recognised as being of public utility which have submitted to the administration

statistics showing their condition, it will be seen that 46% of these associations possess a common pension fund.

Of these 7,667 societies, having a common pension fund, 4,048 effected payments in 1908, the total amount of which was 7,326,853.79 francs.

There are two modes in which pensions may be paid : either from the common fund through the National Old Age Pension Bank, or directly by the societies by means of a deduction from the interest of the common fund.

On the 31st. December, 1908, the number of pensioners paid out of the common fund had risen to 58,649, each receiving an average pension of 75.57 francs.

On the other hand, the sums deducted from the interest of the common fund to pay the pensions of 23,747 pensioners amounted to 1,802,721 francs, representing an average of 79.48 francs per pension.

Whatever be the interest attaching to these figures, they clearly show:

1st. that insurance for old-age pensions is of far less importance to mutual societies than insurance against illness ;

2nd. that, for the greater number of members of mutual societies, the pension which they can claim as members is by no means equivalent to that to which the law of the 5th. April, 1910 entitles artisans and field labourers.

We have now explained the whole interest which mutual aid societies have in this law. It was so well understood by Parliament that Article 3 of the law authorises mutual aid societies whether singly or in union, to receive, compulsory or voluntary payments from their members at their request. This faculty granted to the society offers the great advantage of enabling the working man to pay his quota himself, thus avoiding disputes or conflicts between employer and employed which under certain circumstances might arise from payment through employers. And the persuasive action tending on the one hand to induce those who are compulsorily insured to conform to the law, and on the other to encourage the practice of voluntary insurance " forms an essential part of the educative function which must henceforth be one of the chief attributes of mutual aid societies and mark their preponderant importance in the carrying out of the law on pensions." (1)

Mutual aid societies, either singly or in union, are also, according to article 14, comprised in the number of organisations permitted to insure the pensions contemplated by the law. It is not necessary that mutual banks, formed for the direct payment of pensions to artisans and labourers, should at the same time undertake other branches, viz, insurance against illness, life insurance, supplementary pensions etc. : the law of the 1st. April, 1908,

(1) Circular of the Ministry of Labour. 1st. May, 1911.

in determining their conditions, does not require mutual aid societies to undertake many branches at the same time ; it is sufficient that they should be formed for one only of the objects for which they are authorised. The law of the 5th. April, 1910, therefore, gives power to form mutual insurance societies solely for the purpose of pensions for artisans, and the obligation of paying into one mutual society cannot be a legal condition for admission to another. Such a society may therefore receive as members those who previously were not members of a mutual society and who will only become so for pensions under the law of 1910. It is in the sense of this interpretation, important for the extension of mutual transactions and very favourable to the creation and prosperity of numerous independent banks, that the law has been officially interpreted by the Ministry of Labour, making it besides, impossible for any one to consider this interpretation as obligatory for the mutual societies (See Circular of Ministry of Labour, 1st. May, 1911).

Co-operation among the groups of mutual societies can only be carried out by joint permission of the Ministries of Finance and of Labour and for the direct payment of pensions by a preliminary agreement given by decree on the proposal of these Ministries. The above permission and agreement are both quite independent of approval of the rules, and they are consequently equally necessary for both the authorised and independent societies. It is needless to observe that the guarantees required for societies wishing to undertake insurance risks are much more stringent than those required for societies which merely collect for the Pension Bank, and in which there are only a few simple formalities and a minimum of book-keeping. The granting of pensions, however, demands a series of important transactions dealing with higher figures and necessitating special book-keeping and technical calculations, on which subjects security must be given before the solicited consent can be obtained.

There is, however, no question of any arbitrary action on the part of the Government, the obtaining of its consent is the right of those societies which fulfil the required conditions. The Ministries have but to verify the fulfilment of these conditions and they cannot then refuse the *exequatur*. Should the *exequatur* be refused three months after it has been requested, recourse may be had to the Council of State without any expense or the employment of a lawyer. Should an authorised society at any time fail in the observance of the laws by which it is bound, its authorisation may be withdrawn. Such a withdrawal, however, is closely guaranteed against any arbitrary action ; it can only be pronounced by a decree issued in accordance with the opinion expressed by the permanent section of the superior council for workmen's pensions, and this again may be appealed against before the Council of State in the same manner as in case of a refusal of consent.

To those mutual societies which receive pension subscriptions the State grants a proportional commission of 5%, that is 45 centimes for the complete annual deposit of every man, 30 centimes for that of every woman and 0.225 franc for that of every minor under eighteen years of age. And those societies which collect at the same time for the Pension Fund receive a fixed commission of one franc for every person insured.

Those wage-earners who are compelled, and other working-people who are recommended to insure themselves for old age pensions, often justly fear that their savings will be insufficient to enable them at the same time to pay for sick insurance. Article 18 of the law of 1910 offers a pecuniary encouragement by lightening the burden of payments for sick insurance to all persons insured in a mutual pension society. This grant consists of a special allowance to all who are either compulsorily or voluntarily insured under the law of 5th. April, 1910, who, as well as belonging to one of the legalised pension societies, are also insured against sickness in a mutual aid society. This allowance amounts to 1 fr. 50, reduced to 75 centimes in the case of persons under 18 years of age. It goes to reduce the sick contributions of the insured person by an equal amount.

Hence it will be seen that a member of a mutual society is in a better position as regards the pension system than the insured person who is not a member of such a society. Not only can he himself pay his quota for a pension through his society instead of its being deducted from his wages by his employer: he may pay it at longer intervals than those at which it is usually collected, and he also has the power to pay it in advance if more convenient to himself, a power which enables him, should circumstances require it, to obtain a special acknowledgment of several payments at the same time. The payment of the sick quota will at once reduce the quota for a pension from 9 francs to 7.50 francs in the case of a man, from 6 francs to 4.50 francs in the case of a woman and from 4.50 to 3.75 in the case of a minor under 18 years of age. A member of a mutual society may also benefit by supplementary funds, such as subscriptions made by honorary members, the law of 1910 not limiting mutuality as regards pensions to actual members, but, on the contrary, opening a wider field in this direction. The admission of new members who are to pay a pension quota is likely to lead to their adhesion to other branches of mutuality and thus to increase its importance in every way by extending its boundaries. It is not to be wondered at that M. Paul Boncour offered well-merited congratulations to mutual and societies at the fourth international congress of mutuality held at Roubaix, October, 1911, for the support they have given to the application of the law of pensions for artisans and labourers.

4th. Life insurance. The risks of life insurance increase with age. Thus, according to the tables of mortality of the National Old Age Pension

Bank, the rate of mortality per 1,000, that is, the average number of deaths per 1,000, varies as follows :

At 20 years	. . . . .	7
" 30 "	. . . . .	7
" 40 "	. . . . .	9
" 50 "	. . . . .	14
" 60 "	. . . . .	26
" 70 "	. . . . .	57
" 80 "	. . . . .	135

In the absence of reserves, it seems evident that the subscriptions will, after a certain age, be insufficient to meet the chances of mortality. But there is a way of avoiding the formation and management of reserves, always delicate operations, viz the employment of what are called *natural premiums*.

Thus, instead of requiring from the members sums varying according to the age at the time of admission but calculated for the duration of the life (*fixed premiums*), they are required to pay sums increasing year by year according to the age attained, and covering the risk of the following year.

Thus, to insure a capital of 1,000 francs, the members will pay

7	francs per annum from the age of 20 to the age of 34
8	" " " " 35 " " 39
9	" " " " 40 " " 42
10	" " " " 43 " " 45
11	" " " " 46 " " 47
12	at the age of 48
13	" " " 49
26	" " " 60
135	" " " 80

and so on.

The objection to this system is the continual increase of the charges borne by the members ; it might be made more practical by reversing the method. Instead of an increasing premium for a fixed capital, the member

might be required to pay a fixed premium for a diminishing capital. In this case, a fixed premium of 7 francs for instance, would ensure a capital.

Between the ages of 20 and 30 of $\frac{1,000 \times 7}{7} = 1,000$ francs.

» » 35 » 39 $\frac{1,000 \times 7}{8} = 875$ »

» » 40 » 42 $\frac{1,000 \times 7}{9} = 778$ »

» » 43 » 45 $\frac{1,000 \times 7}{10} = 700$ »

.

At the age of 60 years » $\frac{1,000 \times 7}{26} = 269$ »

.

At the age of 80 years » $\frac{1,000 \times 7}{135} = 52$ »

And so on.

This solution is convenient as regards popular insurance, for, as every quota covers the risk of one year, there is no need for reserves. It is also logical, for the diminution of the capital assured corresponds to the diminution of the value of the capital represented by the strength of the labourer, and the diminution of the cost of the family deprived of its head, as the children approach the period when they may become self-supporting. But it must be confessed that it has not met with public approval. Among the societies which have furnished to the Ministry of Labour data for the year 1908, 290 fully authorised and comprising 143,677 participating members, and 257 independent societies comprising 72,468 members, have made life insurance their chief object. The greater number of these have had recourse to the *National Life Insurance Fund*, which allows mutual aid societies to effect collective insurance in order to secure to themselves at the death of any one of their members a fixed sum not exceeding 1,000 francs.

This insurance is for a year and dates from the first day of the month following that in which it is effected all the members of the society between the ages of three and ninety-four, must be included and the amount assured must be equal for all. It is fixed according to special tariffs, increased or diminished according to a co-efficient of mortality prepared for each society from the average mortality of its members for the last five years of insurance.

Besides those societies more especially occupied with life insurance, there are others of which the greater number are insurance societies against sickness and old age. These also make a grant on the death of a member in the form of payment of his funeral expenses, or better still, of help to his widow and orphans. Thus, in the authorised adult societies, deaths of members took place in 1908 to the number of 37,221, and of these, the funeral expenses of 22,692 were paid. In the independent societies, there were 5,374 deaths in the same year, and the funeral expenses of 2,979 of these were paid.

The total of the sums thus spent by the authorised societies was 1,558,590 francs, and by the independent societies 196,460 francs, representing an average of 68.68 francs for the first and 65.95 francs for the second.

In 1908, also, 2,153 authorised adult societies granted a total of 1,815,474 frs. in subsidies to 21,301 widows or orphans, and the independent societies 595,409 frs. to 2,112 widows or orphans.

Of much more importance however, are the allowances made to the "*Orphelinat Mutualiste Française*," founded 30th. October, 1904, under the honorary presidency of M. Emile Loubet, ex-President of the Republic. The special aim of this mutual association is to benefit the orphans of its members, whether these be individuals or societies, in France, Algeria or Tunis.

Participating members are required to pay an entrance fee of two francs and a monthly quota of 50 centimes for each child under 16 years of age; the monthly payment for a family must never exceed fr. 1.50 (see art. 28 of the rules). The entrance fee for mutual benefit societies, entering as participating members, has been reduced to one franc per family. (Art. 29).

No one can participate in the advantages of the Orphanage unless he have been two years a member. (Art. 30). That period passed, the council has fixed the amount of help to be given which must never be less than:

1st. 15 francs monthly for a child orphaned of its mother, until 16 years of age; for a family up to 60 francs per month:

2nd. 20 francs per month for a child orphaned of its father, up to 16 years of age, and up to 80 francs monthly for a family.

Above that age, in cases of exceptional illness etc., help may still be granted at the request of parents or guardians of orphans. (Art. 32).

Children orphaned of both parents, are completely taken in charge by the institution. They are placed out in the families of relatives, or, failing these, in the families of members of mutual societies. (Art. 33).

We shall conclude these remarks on life-insurance with a few words on the *Franc at death societies*.

In these societies, if a member die, all the others pay a franc each, thus forming a small capital for the benefit of the heirs of the next member who dies. The working of these societies is so simple that they are very attractive. But the members soon find certain difficulties. At the beginning they are generally all young; deaths are not frequent, and the one franc payment is consequently rare, while the advantages of the society are appreciable for the heirs of those first deceased, but in the course of 30 or 40 years deaths become more frequent, and the consequent payments become burdensome for the survivors. We may therefore predict that, however satisfactory the society may be at first, it will not be so 30 or 40 years later.

Another objection is the exaction of equal payments from young and old while the risk is more serious for the old who therefore ought to pay more. At the time of their establishment these societies are generally formed of young members all of about the same age; as these grow old the newer and younger members withdraw and the society melts away.

5. *Maternity Mutual Societies.* These are at once thrift and benevolent societies the object of which is to furnish pecuniary assistance to their members in return for deposits made by them and increased by donations from honorary members, grants made by the State, by departments and communes. This assistance is given to enable a woman to abstain from work prejudicial to her health for some time previous to the birth of her child, and for a month afterwards and to give the needful care to her infant up to the age of two months.

The first of these societies was founded in May, 1891 under the patronage of Mme. Carnot, for the department of Seine, and comprises numerous sections. The members pay an annual sum of 5 francs, in return for which they receive, during the four weeks following the birth of a child, a weekly allowance of 12 francs, and a premium of 20 francs if they nurse their infants themselves. The allowance is increased to 15 francs if the recipient be the mother of six living children when the last is born; if this child die before the expiration of the four weeks, the allowance is the same. In case of twins, the allowance is increased by one half. (1)

Maternity Mutual Societies are quite as successful in the country as in towns. M. Felix Poussineau, who founded the society the rules of which we have quoted, thus describes the success of the society established by him at Dammarie-les-Lys. (Seine et Marne).

(1) It is scarcely needful to mention that the payments of the women are insufficient to meet the expenses of the society. They meet only 1/6th, the remainder being paid out of the donations of honorary members, public bodies, profits of fêtes, lotteries etc.

" Dammarie-les-Lys is a small village of 1,600 inhabitants ; the women are employed partly in agriculture and partly in industrial occupations. Precisely because of the smallness of the population, the experiment could not leave obscure any of the elements for judging of the results, and this encouraged me to make the effort.

Tables of statistics clearly showing all the phases of the scheme have been drawn up, and it has been possible to do this with the greatest exactness because all the wives of working men at Dammarie-les-Lys have joined the Maternity Society, and also because the civil registers are more easily consulted in a small village than in a large town.

We have thus succeeded in making at Dammarie a striking comparison between the number of births registered during the seven years preceding the establishment of the maternity society and the years immediately following. The figures clearly show an increase of 24% in the number of births during the second period, and a diminution of the mortality, the average of which was previously 50%, as shown by the official figures given below :

Year	Inhabitants	Births	Deaths under the age of 30 days
1887	1,447	27	From 1 to 30 days 4
1888	—	33	" " 3
1889	—	32	" " 1
1890	—	23	" " 0
1891	—	28	" " 2
1892	—	29	" " 5
1893	—	27	" " 1
Total . . .		199	16

Annual average of deaths under the age of 30 days.

Per 1,000 inhabitants	1,6 %
" 100 births	8 %

Year	Inhabitants	Births	Deaths under the age of 30 days
1894	1,552	27	From 1 to 30 days 1
1895	—	31	" " 1
1896	1,683	33	" " 3
1897	—	34	" " 1
1898	—	59	" " 2
1899	—	39	" " 1
1900	—	35	" " 2
Total . . .		258	11

Annual average of deaths under the age of 30 days.

Per 1,000 inhabitants	1 %
» 100 births	4 %

Of these only 2% were protected by the Maternity Society.

These results are easily explained. The women no longer dread maternity ; strengthened as they are by a restorative repose and sure of assistance which is not humiliating, they no longer consider the birth of a child as an increase of expenses and a direct cause of indigence.

We may add that at Dammarie les-Lys the contribution is one franc per annum. The mother receives an allowance of 8 francs per week for the four weeks of compulsory rest, and a prize of ten francs if she herself nurse her infant, in all 42 francs."

This society has founded branches or sections in all the neighbouring communes, so that the greatest possible number of mothers may share in its benefits. Six sections have been organised in ten small villages of from 190 to 700 inhabitants. The sections are self-governing, and in each are held consultations on the condition of the nurslings. The allowance is paid by the lady inspector appointed by the section, at the house of the mother during the three weeks following the birth, eight francs at a time. The fourth instalment and the prize for nursing are given to the mother at the end of the four weeks at the next consultation on the subject of the nurslings where the mother must appear with her child. The necessary funds are provided by the savings-bank of the section; should this be unable to pay all, the section must apply to the head-quarters of the society at Dammarie-les-Lys.

§ 3. *The Part taken by Agricultural Associations in the Extension of Rural Mutuality.*

The above example is the result of individual initiative. In general, mutual aid societies intended for peasants have been established by agricultural syndicates. But those who propagate mutuality among agriculturists have chiefly turned their attention to pension funds. With the exception of some few societies, such as those of Bourges and Chateauroux, which give assistance both in sickness and old age, the agricultural syndicates have especially sought to establish agricultural pension societies. Among these societies the following were more particularly indicated by M. Leopold Mabillean in his lecture of the 14th. March, 1909 (1).

" The pension bank of Castelnauudary founded by the Syndicate in 1896; that of Montmirault (Allier) the first example of a society formed in order

(1) La Prévoyance Sociale (*Social Thrift*) in the " Monde Agricole ".

to provide its members with individual pension-books in the National Pension Bank; that of the Syndicate of the district of Langres, which has formed an inalienable common fund, the income from which is to furnish old age pensions to its members; that of the Syndicate of Poligny, one of the best managed and most active; the Pension and Endowment Bank of the Agricultural Syndicate of Fournies (Nord); that of the departmental Syndicate of Lot, etc.

In all the above-mentioned cases the dominant idea of the foundation is to interest the syndicate in encouraging thrift among its members, more especially among those who are working men. On some points the carrying out of this idea has led to remarkable results:

The Agricultural Family Union of Senlis (founded by the Agricultural Society of this district) requires six francs each from the agricultural labourer and his employer to be entered in the labourer's pensions-book. In addition, the employers pay 12 francs per annum for each labourer towards an invalid fund to add to the pensions of working men who have entered the Society above the age of forty.

The Society has further aims; it endeavours to obtain from the proprietors of farms, generally absentee, (the employers referred to are large farmers) an annual subscription of one franc per hectare.

At Beauvais, the Pension Society founded by the Agricultural Society requires 12 francs each from the labourer and the employer, and in 1906 the Society, gave an allowance of 12 francs to every labourer, who through his employer had obtained a pension-book in the National Pension Bank.

At Chateau Thierry, the pension society was established by the agricultural committee. The quota of working men varies according to age at admission, from 12 to 18 and 24 francs. Employers who are honorary members engage to pay to each working man's account a sum equal to his deposit.

At Melun, in the Mutual Agricultural Family Union, the working man pays 12 francs per annum, and the employer 18 for each man employed by him, the money to be devoted to an invalid fund, except 1 franc per annum, deducted for working expenses."

These are isolated instances from different parts of France. Near Beaujolais, within the circuit of the South-east Union of Agricultural Syndicates, persistent efforts have been made. In that district there are at present 79 agricultural pension societies exclusively composed of members of agricultural syndicates, and constituted by these syndicates. The subscriptions of members are usually paid by means of pension-books of the National Pension Bank, and the subscriptions of honorary members, grants, donations, legacies etc. serve to form a common fund.

Finally in the East, especially in Meurthe-and-Moselle, there are from 15 to 20 agricultural pension societies.

At the 10th. National Congress of French Mutuality on the 22nd. August, 1909, M. Louis Tardy thus enumerated the principles of organisation to be applied to rural mutuality :

1. It seems desirable to give special self government to mutual aid societies composed of agriculturists so as to encourage the enrolment of honorary members, and to obtain grants from various agricultural associations.

2. The mutual aid society should be based on an association of agriculturists (co-operative society, syndicate, credit bank or mutual insurance society) which should participate by a direct grant in the working of the mutual aid society or should pay for each of its members a quota supplementary to that paid by each of them.

3. The mutual aid-society should be a family union, so that the whole family may belong to it, that the work of thrift may be complete, and may benefit all those who have a right to its benefits ; that, at the same time, it may accomplish a moral and educative work ; that, by extending to the great mutualist family the natural family bond, the husband, wife and children may be drawn more closely together, and the home circle be consolidated by interesting all its members in the common cause of provision for the future, that is, in the idea of mutual solidarity."(1)

4. The mutual benefit society ought in the first place to insure against sickness as its most important function, sickness being the risk against which the cultivator of the land is least protected.

5. Logically, the insurance of widows and orphans ought to precede the pension, for of 100 men of the age of 30, 31 will not reach the age of 60, and to secure a pension is therefore useless for them. But life insurance societies and donation or pension societies will nevertheless be established as the need for the one or the other may appear more urgent.

These different classes of work should be undertaken by special societies, or by mutual aid societies, constituted as the necessity for them arises, and as administrators can be found for them.

6. Pension and sickness societies for working men will be supported by the contributions of the men, of their employers, and, as far as possible, of an agricultural association, either syndicate or co-operative.

It will perhaps be objected that the resources of labourers are not sufficient for all these branches. But the bonuses realised owing to the efforts of syndicates, co-operative and mutual insurance societies, and the suppression of credit banks ought to permit of the gradual payment, without the imposition of any new and heavy charge, of the quota of the mutual aid society. Agriculturists will soon perceive this, and they will

(1) Speech of M. Léon Bourgeois at the Congress of the Alliance of Social Hygiene held at Lyons, 13th. May, 1907.

quickly acknowledge, as M. Decharme, chief of the Department of Agricultural Credit and Co-operation in the Ministry of Agriculture, said in 1906, "how true it is that the various branches of agricultural mutuality are inseparable, and dependent on each other, and how, all animated by the same spirit, they should unite and work in concert to remove the same obstacles, to triumph over the same difficulties, and enjoy together the success won through united action."

APPENDIX.

Rules for Maternity Mutual Societies. (I)

CHAPTER I.

Constitution and Aim.

Article 1. A mutual aid society has been established at under the name of the *Maternity Mutual Society of*

Its object is to furnish its members in exchange for deposits made by them and increased, if possible, by donations from honorary members, by grants from the State, from departments and communes, with an allowance sufficient to enable them to rest four consecutive weeks dating from their accouchement, and to bestow during this period on their infants the necessary care.

The society offers also :

1st. Prizes to encourage those mothers who nurse their own infants.
2nd. To hold consultations on nurslings for the benefit of its adherents (2) and, as far as possible, to exercise surveillance over the infants from birth up to two years of age.

3rd. To arrange gratuitous consultations for its members who may be *enceintes*, if its means permit.

4th. To grant an allowance to its members to enable them to cease work before their accouchement if it is proved by medical testimony that the continuance of such work is dangerous for them and for their infants (3).

5th. To assist in defraying the expenses of accouchement.

(1) From the « Revue Philanthropique » of 15th. January, 1910, pages 366, and following.

(2) Either establishing such consultations or arranging with an institution for the purpose already existing.

(3) Other services may be annexed to a Maternity Mutual Society, in order, as follows :

(a) Prizes for attendance at the above consultations.

(b) Loans of linen and distribution of layettes.

(c) Allowances of milk.

(d) Crèches.

CHAPTER II.

Organisation of the Society. Rules for Admission.

Art. 2. The Society is composed of honorary and participating members.

Art. 3. Honorary members are those who by their subscriptions or equivalent services, contribute to the prosperity of the Society without sharing in its advantages. There are no conditions as to age, domicile, profession or nationality.

Art. 4. Participating members are those who have a right to all the benefits of the association in return for regularly paid subscriptions. All participating members have the same advantages without distinction other than that which arises from the payment of their quota and from the risks. (1)

Art. 5. Participating members are admitted by a majority of votes in the council, but conditionally, on the approval of the next general meeting. Honorary members are admitted by a majority of votes in the council.

Art. 6. Any woman, above the age of sixteen, who applies and engages to conform to the rules, may join the society as a participating member, whether she enter as an individual or as forming part of a group applying through a benefit society, a commercial or financial enterprise or an administration. (2)

Any honorary member, suffering from reverse of fortune, may at her request be received as a participating member if she satisfy the conditions of arts. 6 and 3 of the rules.

CHAPTER III.

Administration.

Art. 7. The Society is administered by a council composed of a president, . . . vice-presidents, a secretary, a treasurer and . . . administrators, who all act gratuitously.

Art. 8. The administrators must all be French, and of full age, of either sex, not having forfeited their civil rights, but married women must be authorized according to common law. (Art. 3 of the law).

(1) Condition imposed by art. 2 of the law.

(2) The society must admit as participating members only those women who live by their own labour or that of their husbands.

Art. 9. All the members of the council are elected by secret ballot in the general meeting, and may be chosen only from members, participating or honorary.

The general meeting appoints from its own body the members of the bureau (1) who are indefinitely re-eligible.

There is a special ballot for the President.

No one is elected by the first ballot unless there is an absolute majority of votes. At the second balloting, the election is valid in case there is a majority ; in case of two candidates having an equal number of votes, the elder is elected.

Art. 10. The President is elected for . . years (2).

He is re-eligible.

Members of the council are elected for (3) . . . years ; they may be reelected (4).

The first council will select by lot certain of its members, whose names will be submitted for re-election at the end of every . . . years (5).

There shall be the same procedure in the case of the council elected after a collective resignation of administrators.

In replacing its members, either deceased or resigned, the council arranges provisionally ; the names of those chosen are to be submitted for ratification to the next general meeting. These will only hold their posts during the unexpired periods of their predecessors' terms of office.

Art. 11. The President must insure the regular working of the society in conformity with its rules.

In the course of the first three months of every year he shall send to the Prefect :

1st. Statistics of the financial condition of the society and the number and nature of the cases of illness among the members. (Art. 7 of the law.).

2nd. An account of the moral and financial state of the society (Art. 29 of the law) presented by the council to the general meeting.

He is charged with the discipline of the meetings, he signs all acts, decrees, deliberations etc. and he represents the society in law and in all civil acts.

Art. 12. One of the vice-presidents assists the President in all his functions, and represents him when necessary (6).

(1) The bureau may also be nominated by the council.

(2) For instance, for six years.

(3) For instance, for six years.

(4) One-third every two years.

(5) For instance, every second and third year.

(6) When there are several vice-presidents, a bye-law fixes the order in which they shall be called to represent the President.

Art. 13. The Secretary is entrusted with the convocation, reports of proceedings, correspondence, and keeping of the archives.

He keeps the register of members, and presents to the council applications for admission.

In case of illness of a participating member, the Secretary informs the doctor (1) and the visitors of that period.

He regulates everything concerning funerals, if such are provided for by the rules.

Art. 14. The Treasurer acknowledges receipts and payments; he keeps the accounts.

He is responsible for the funds in hand and documents of the society (2).

He pays money-orders countersigned by the President.

He gives members on their admission cards or pass-books in which their payments are entered.

In all that concerns deeds or bills to bearer he conforms to Art. 20 of the law of 1st. April, 1898.

He receives, with authorisation of the council, the amount of stocks or personal bills to be paid off.

By decision of the council, he may [sell personal property to the amount of a sum fixed annually by the general meeting (3).

He can, if authorised by the council, sign all deeds of conversion transfer or repayment, consent to the annulling of all personal titles or certificates, make all declarations, pay all taxes, etc.

Art. 15. Visitors are required to visit the sick, to take to them their regular allowance and to make sure that they receive the care due to them from the society.

They are chosen by the council from amongst the participating members (or the honorary members).

Art. 16. The Lady Patronesses (number unlimited), chosen by the council are required to visit the patients as often as possible and make sure that they and their infants receive all needful care.

Art. 17. The council meets whenever it is convoked by the President; at least once a month.

A convocation is obligatory when called for by a majority of the council. No sitting is valid if there be not a majority of its members present.

(1) When the society employs several doctors, the bye-laws fix the order in which they are to be called.

(2) When the society employs paid agents, the bye-laws may render them equally responsible for the funds and documents entrusted to them.

(3) This may be fixed by a bye-law.

Art. 18. The society assembles in ordinary general meeting (1) once . . . (2) times a year to hear the reports presented to it, and to make decrees on the questions submitted to it by the council. The President may convoke a general meeting, at any time, if grave and urgent circumstances require it.

A convocation is obligatory when called for by a quarter of the members of the society having the right of voting, or by a majority of the members of the council.

Art. 19. The general meeting which deliberates on subjects other than those mentioned in the following article, must be composed of at least a quarter of the members of the society present or represented. If such a number have not met, the meeting is to be adjourned ; a new meeting is convoked after a period of at least a month, and then whatever be the number present, the sitting is valid.

Resolutions are carried by a majority of votes.

Art. 20. The special general meeting, for deliberating on changes in the rules must be composed of at least a quarter of the members of the society.

Resolutions are passed by a majority of two-thirds of the members present.

The extraordinary 'general meeting deliberating on the voluntary dissolution of the society, cannot pass a resolution except by a majority of two-thirds of the members present and a majority of the members having the right of voting (See Art. 11 of the law.).

The extraordinary general meeting which makes decrees on acquisitions, sales or exchanges of real estate must be composed of at least half the members having the right of voting, present or represented, and it cannot make a decree except by majority of three quarters of the votes (Art. 20 of the law).

Art. 21. Every resolution of the general meeting or of the council not regularly convoked or treating of a question not appearing on the agenda, shall be null and void.

Art. 22. Every discussion, political, religious or foreign to the aim of the Mutual Society is forbidden in the meetings of the council and general meeting.

Members of the council are forbidden to exceed the functions assigned to them in the rules.

(1) Composed of honorary and participating members (art. 2 of present rules).

(2) Or several.

CHAPTER IV.

Financial Organisation and Obligations towards the Society.

Art. 23. The receipts of the society comprise :

1. The subscriptions of participating members fixed at . . . (1); but if an individual mutual aid society or a group of societies should affiliate their members, men and women, married or unmarried, as a total, without distinction of age, the collective quota should be calculated at so much per member, at a rate reduced in proportion to the number of married women, and taking into account the average age of the members ;
2. The quota of honorary members fixed at . . . (2) ;
3. The contributions of benefactors who are members ;
4. The donations and legacies, the acceptance of which has been approved by the competent authority. (Art. 17 of the law.).
5. Contributions granted by the State, the department, the commune or private individuals ;
6. The produce of fêtes, collections etc. organised by the society ;
7. The interest of the funds derived from all these resources.

Art. 24. The subscriptions of participating members will be received from the 1st. January to the end of March in each year, either at the headquarters of the society or by its representatives, and must be paid in full, whatever be the date of entrance. From the 1st. April to the 31st. December, the subscription for the current year may be paid with the addition of 25 centimes for each month of delay.

The subscriptions of honorary members shall be paid annually in January, and a receipt signed by the Treasurer shall be given.

Art. 25. The funds in hand shall never exceed . . . francs; the excess shall be placed as a current account in to the Deposit Bank.

CHAPTER V.

Obligations of the Society.

Art. 26. Every mother shall receive for four weeks, from the day after her accouchement, the sum of . . . (3) per week on condition of her abstaining from all work during the four weeks.

(1) Three francs at least for each individual adhesion or for collective adhesions, of all or nearly all married women.

(2) One franc at least.

(3) This allowance shall be calculated in proportion to the rate of wages and the cost of living. The average amount in towns shall be 1.50 fr. per day, but in no case shall it be less than 1 franc.

This sum of . . . francs will be raised to . . . francs (1) per week for every participating member, mother of . . . children living at the time of the birth of her . . . child.

The money will be paid even should the child die before the expiration of the four weeks.

Art. 27. In the case of twins the allowance will be raised by one half. Should one of the twins die, the allowance will be continued for the other according to article 26.

Art. 28. Should the mother die, the allowance will be continued for the child as if the mother had lived, on condition that provision be made for the care of the child under proper supervision.

Art. 29. The allowance specified in article 25 may, in exceptional cases, be continued for two weeks longer on the application of the mother, accompanied by a certificate from one of the doctors of the association, attesting her inability to resume work.

In no case can the allowance be granted by the society for more than six weeks.

Art. 30. The member entered in several societies, or in one society both as an individual and with others, may in no case claim more than one allowance.

Art. 31. A prize of from five to ten francs on an average, will be granted to every member who herself nurses her infant during the first four weeks.

Art. 32. The first three payments will be made at the domicile of the mother by one of the lady inspectors of the society and the fourth to the mother herself at the office of the society, or at the dispensary, or at the place where consultations respecting nurslings are held, on her giving a receipt for the whole.

In order to have a claim to the above allowance, members must have been registered for at least nine months, and must have paid the annual quota.

Art. 33. Mothers, who without reason approved by the council of administration, and without express authorisation from the doctor, shall return to work before the expiration of four weeks, shall lose the allowance from the day on which they resume work.

Art. 34. Every participating member shall receive other benefits provided for in article 1, organised by the society within the limits of its power and its resources.

(1) Generally by a quarter, should there be five or six children living.

CHAPTER VI.

Discipline - Expulsion.

Art. 35. Those members who have not paid their quota for . . . (1) months shall cease to belong to the society.

But the council may delay the enforcement of this article in the case of participating members who prove that circumstances over which they had no control have prevented their making the payment.

Art. 36. A sentence of expulsion shall be pronounced in the general meeting, when proposed by the council and without discussion.

1. Against members who have been condemned by the law for a serious offence ;

2. Against those who have been guilty of dishonourable action, or whose conduct is notoriously irregular or scandalous ;

3. Against those who are proved to have wilfully damaged the interests of the society.

In the cases contemplated by the present article and by articles 55; 56 and 57, the participating member whose exclusion is proposed, is requested to appear before the council to answer the charges made; should she not appear on the day appointed, a second summons is sent to her in a registered letter ; should she still fail to appear, her expulsion shall without further formality be proposed to the general meeting.

Art. 37. Resignation, and expulsion give no right to any reimbursement whatever.

Art. 38. The regulations concerning the working of the society and the discipline of the meetings and general assemblies are drawn up by the council and approved by the general meeting.

CHAPTER VII.

Modifications of Rules, Dissolution, Liquidation.

Art. 39. The rules must not be altered except on the proposal of the council or on that of . . . members at least.

In the latter case, the proposal must be submitted to the council two months before the session in which it is to be discussed.

The proposed alteration shall be printed and sent to each member at least eight days before the meeting of the special general meeting to which all are individually invited by a letter including the agenda.

(1) For example, six.

Any amendment of the rules must be notified and be published according to article 4 of the law of the 1st. April, 1898.

Amendments of the rules shall not be put in force till they have been approved by a Ministerial Decree according to article 16 of the same law.

Art. 40. Dissolution is pronounced according to the formalities prescribed in the preceding article.

Art. 41. In the case of dissolution, liquidation will be effected according to article 31 of the law of the 1st. April, 1898.

CHAPTER VIII.

Supplementary Provisions.

Every mutual aid society, every administration, every employer giving to a mother at her accouchement an allowance, and obliging her to take a rest of four weeks, may do so through the medium of the Maternity Mutual Society, under the following conditions :

A list of the names of all the women likely to derive benefit from the allowance for accouchement should be sent every year, on the 1st. January and the 1st. July, to the office of the Maternity Mutual Society.

The sums given by the society, the administration or the employer shall be divided into four parts for the four weeks of rest prescribed.

Every woman who is registered will be entitled to all the advantages of the Maternity Mutual Society, for instance, gratuitous advice at the dispensary for herself and her children, consultations as to nurslings, etc.

Provision shall be made at the Maternity Mutual Society for the payment of the allowances ; accounts shall be balanced every six months.

The Maternity institution shall receive from one to two francs for every woman to whom an allowance is granted, to pay its expenses.

INSURANCE

KINGDOM OF HUNGARY.

RECENT NEWS.

1. — **Estimation of Damage caused to Tobacco by Hail.** — Since the commencement of June there have been frequent hailstorms in Hungary, causing considerable losses to the tobacco planters.

These serious losses have induced M. Daróczi Vilmos in an article in the *Magyar Dohányijság* (Hungarian Tobacco Journal), to consider the necessity of presenting to Parliament a bill to amend and improve the system of hail insurance, a subject which has frequently been discussed without any definite result being arrived at.

For the exact estimation of the damage caused to tobacco by hail, various methods have been proposed, among others, the determination of the compensation according to the average annual sum paid by the Office which purchases the tobacco from the planters, this average being calculated on the last five or ten years' crop, so that the figure thus obtained serves to determine the compensation the Insurance Society should pay.

It must, however, be admitted that this method does not permit of the accurate estimation of the loss, since in such or such a year the price of tobacco may fall considerably, independently of any hailstorm, through defects in the plants themselves, or any other reason, so that the value of the tobacco may decrease by one half.

On the other hand, it may happen that the crop is extraordinarily good and far exceeds the usual average. In this case, the loss caused by hail attains its maximum, and it cannot be calculated, fairly, on the average annual production.

According to Daróczi Vilmos, the damage caused by hail can only be accurately determined by help of a declaration by the party concerned, followed by expert report, that is to say, that in this case the farmer must prepare a report immediately after the catastrophe.

On its side, the Insurance Society within three days after the disaster must send an expert to the farm to verify the damage *in situ* and come to

an agreement with the party concerned as to the total quantity and quality of the crop injured. Then the price the policy holder would have received if the loss had not occurred is settled.

A reason why the farmers are slow to insure and insure in small numbers is the high premium asked for insurance of tobacco against hail.

It is, therefore, not only desirable, but also necessary for the Societies to adopt lower tariffs.

Further, in reference to the estimation of damage caused by hail, other very delicate questions may also present themselves. For example, tobacco leaf, classified before the accident as *Ia* or *Ib*, in consequence of the injury through hail will be classed as of second or third quality.

Now it is of the greatest importance for accurate estimation to know precisely the damage caused to the *same quality*, above all in plantations where the harvest of tobacco is considered as of first quality.

In fact, the quantity insured by the producer can never be taken as the basis of the estimate. Let us suppose that after planting he insures 20 qt. per hectare, while, frequently the total yield exceeds or is inferior to this figure, according to the year, but that the farmer continues always to pay the premium on the basis of 20 qt. Let us say that if the crop promised a yield of from 24 to 30 qt., which was reduced by the storm to 20 qt., the expert of the Society, on ascertaining the fact, — that is, that the yield will only be the 20 qt. insured — grants no compensation. Under such conditions the planter could only realise a profit if the earlier estimate had fixed the approximate quantity of the crops at 10 or 12 qt, in which case the Society would have to make up the difference between 10 or 12 and 20 qt. And this would likewise be unjust.

As to the terms of the bill, Daróczy Vilmos claims that the system most equitable and best adapted to the circumstances would be to verify the damage caused by the hail and to compare it with the crop as it would be if uninjured. In such case, the approximate quantity declared by the farmer must not be taken as the basis.

In regard to the estimation of damage, two points must be considered. On the one hand, the farmer must only ask what is due to him, on the other hand, the person charged to make the estimate must be a qualified expert and conscientious. For a competent person will recognise the traces of hail not only on the damaged leaves, but also on those of which the veins only have suffered, and will be in a position to foresee the consequences of this.

Daróczy Vilmos thinks this the only solution of the difficult problem, a solution both necessary and advantageous for the farmer, as it secures his years' work and his efforts against risks and injury from the seasons.

(Summarised from an Article by Daróczy Vilmos, in the *Magyar Dohányipjság* (Hungarian Tobacco Journal) July 16th., 1912).

* * *

2. — **Bill for the Organization of Mutual Cattle Insurance.** — In conformity with its intention to prepare a programme for putting in force the law on the organization of mutual cattle insurance in Hungary, the Association of Veterinary Surgeons, in its last Conference, presented a bill to authorize the Agricultural Department to encourage the organization of mutual cattle insurance by means of Communal Co-operative Societies to be subventioned and administered by the State.

During about 16 years, that is since the date at which it first manifested itself on the initiative of M. de Miklós, this important movement, so desirable in Hungary, has been unable to attain the realisation of its ends and all propaganda has been excluded, since the Commercial Law XXXVIII of 1879 requires the formation of a capital of 200,000 crowns for every branch of insurance undertaken.

The decision of the Conference may be summarised as follows;

The Conference declares that in the interest of livestock improvement in Hungary and its advancement, it is necessary to make good to a certain degree the losses suffered by farmers through death or forced slaughter of cattle, at the same time that it is urgent to proceed in a more effectual way to the prevention of infectious cattle diseases. And therefore the conference expressed desire :

1. for the constitution of a national compensation fund, administered by the Agricultural Department to make good the expenses incurred in combatting hæmorrhage of the spleen, glanders and bovine tuberculosis, etc., as well as those entailed by measures for the prevention of infectious diseases.

2. that the money required for the national compensation funds be assured by a State endowment on the one hand and, on the other, by a small contribution from the livestock improvers, proportioned to their total stock.

3. the foundation of cattle insurance co-operative societies, to compensate farmers for losses incurred through infectious diseases or the compulsory slaughter of animals ;

4. the organization among the Communal Cattle Insurance Societies of a reinsurance service in connection with the national fund and dependent on the Agricultural Department, or at least placed under the control of that Department.

INSURANCE

SWITZERLAND.

CURRENT QUESTIONS.

Development of Agricultural Insurance in Switzerland.

The 25th. report of the Federal Insurance Bureau on private insurance institutions undertaking the several kinds of risks in Switzerland (1) has recently been published. This report, which deals with the year 1910, clearly shows the progress made by insurance in the country in recent years. It is enough to know that the capital insured and the claims paid by the insurance societies subjected to federal supervision, in the course of the last twenty five years, from 1886 to 1910 amounted to 726,864,042 frs, in order to see the importance of insurance in Swiss economics. The various branches of insurance were represented in the following proportions in this total amount of about 727 million francs : life insurance, capital and pensions, 396 millions : accident insurance and legal liability, 165 millions ; fire insurance, 126 millions ; window insurance, insurance of water pipes, against burglary and credit insurance, 5 millions ; cattle insurance, 5 millions ; hail insurance, 11 millions, and carriage insurance, 21 millions. For a small country like Switzerland, adds the report, these are really considerable amounts.

On the basis of this report, we shall give, in the following paragraphs, the principal statistics on the organization and development of the various branches of agricultural insurance.

(1) Report of the Federal Insurance Bureau on Private Insurance Undertakings in Switzerland in 1910. Berne. Francken, 1912.

§ 1. *Livestock Insurance.*

In 1910 there were three societies in Switzerland insuring cattle, the *Mutuelle Chevaline Suisse*, at Lausanne, the *Badische Pferdeversicherungsanstalt* with head quarters at Karlsruhe, and the *Garantie Fédérale* with headquarters in Paris. Whilst this last extends its operations to horses and horned cattle, the two former limit themselves, on the contrary, to insuring animals of the equine race (horses, asses and mules).

As in most other countries, in Switzerland, the insurance societies are organized on a mutual basis. And the report of the Federal Bureau clearly explains the reasons for this. The companies limited by shares do not undertake this branch of insurance, in the first place, because it never gives large profits, in the second place, because they would be exposed to severe competition from the cantonal and communal mutual insurance societies. We know that the death risk for cattle depends largely on the owner of the animal, of the use he puts it to, his treatment of it, and the care he takes of it. So the insurance societies are obliged to make it the material interest of the policy holder to prevent disasters or reduce their gravity. With this purpose, they establish that a part of the loss must be borne by the member himself.

The principal risks, undertaken by the three societies subject to the supervision of the Swiss Federal Bureau, are : -

(1) *Death of the animal*, through disease, accident or a surgical operation by a licensed veterinary surgeon, or castration; for the latter risk, one of the societies, the *Garantie Fédérale*, asks an extra premium.

(2) *Slaughter*, in case of a disease or an accident rendering the animal unfit for any service or when it is ordered by a competent authority (either the Management of the Society or a licensed veterinary surgeon);

(3) *Diminution of value*, due to disease or accident, when the animal has become unfit for the service on which it was employed according to the terms of the insurance contract, without slaughter having become necessary. This kind of insurance is limited to horses. It is only undertaken now by two foreign societies; the risk is covered by an extra premium and is undertaken subject to special conditions.

Each of the three insurance societies reserves the right of recourse against third parties liable for the accident. The claim is also reduced when the policy holder receives any compensation whatever from the State, the Commune or private persons.

In 1910 the financial results for the working year were not satisfactory: the number of cattle owners insured had not increased, and then the consequence of the abnormal meteorological conditions of the year was a deterioration in the quality of the cattle foods. There was also an ap-

preciable increase in the number of losses due to colic and other maladies of the digestive system. Heart disease also was more frequent, owing probably to bad nourishment.

The amount assured in Switzerland at the end of 1910 was 16,091,418 francs, against 14,976,781 francs, the previous year. The three Societies collected 598,367 frs in premiums (558,299 frs. in 1909), and had to pay. 423,522 frs. in claims (403,074 frs. in 1909).

A consideration of the progress of insurance against the death of cattle in Switzerland, from 1886 to 1910, will furnish the following figures:

Year	Number of Societies		Amount Assured	Premiums Collected	Disasters
	Concessionary	Working in Switzerland			
1886	3	2	455,355	16,231	8,832
1890	4	3	3,211,572	129,327	76,517
1895	4	4	3,937,305	160,630	119,425
1900	4	4	7,921,700	320,919	207,792
1905	4	4	11,878,630	443,414	367,645
1910	3	3	16,091,418	598,367	423,522

These figures show the slow but constant progress of this kind of insurance.

It must, besides, be observed, as it is in the report, that, in addition to the three concessionary societies subject to the supervision of the Federal Office, there are also many others in almost all the cantons, which are, in consequence of their restricted sphere of action, exempt from supervision by the Confederation.

When the cantons or livestock improvers declare insurance of livestock compulsory in a certain area (commune, district, canton), the Confederation, in terms of the federal law of December 22nd, 1893 on Agricultural Improvement, grants the cantons a subvention of an amount equal to that it grants the associations. In 1910, cantonal subventions for livestock insurance were granted in 17 cantons, for a total amount of 890,699 francs (the canton of Berne especially contributing with 192,697 frs. and that of Zürich with 165,746 francs). The federal subventions also amounted to 840,699 francs, or an average of 1.40 frs. per head of large cattle.

§ 2. Hail Insurance.

In Switzerland two National Mutual Societies undertake hail insurance: the *Société suisse d'assurance contre la grêle* at Zürich, and the *Paragrêle* at Neuchâtel. The first works in every part of Switzerland, the second, only in the canton of Neuchâtel. Besides, the *Société Suisse* insures all crops exposed to risk from hail; on the contrary, the *Paragrêle* only insures vineyards.

In 1910, both societies suffered losses, because disasters and hail storms were never so frequent as that year. The premiums collected did not suffice to meet the losses, and the *Société Suisse* had to draw on its reserve funds for an amount of 237,420.41 frs. (that is, 22.4% of the premiums collected) and the *Paragrêle* drew on its reserve fund for 11,525.05 frs (or 30.7% of the premiums collected).

The expenses, including commissions, attained in the same year the proportion of 18.1% of the premiums collected in the case of the *Société Suisse* and 15.2% in that of the *Paragrêle*.

The *Société Suisse*, in 1910, had 60,456 policy holders (in 1909, 58,463); the amount assured had increased from 62,305,650 frs to 62,420,180 frs; the premiums collected from 961,490 frs to 1,060,603 francs; the claims paid from 310,167 frs to 1,404,378 frs. The *Paragrêle* in 1910 had 636 policy holders; the amount assured was 625,020 frs; the premiums collected amounted to 37,565 frs, whilst the compensations paid were 50,800 frs. The results given by this society were less favourable than in the previous year, but this is due to the small area in which it works, the exclusion of any crops except vineyards and above all to the decreased cultivation of vines in recent years.

As in the case of livestock insurance so also in that of hail insurance, the Confederation grants subventions to cantons which, in their turn, subsidise this branch of insurance. The Confederation reimburses the half of their expenses. In 21 cantons subventions to a total amount of 194,618 francs have been granted. It is only in the cantons of Uri, Glaris, Grisons and Ticino, that farmers are unable to benefit by federal subventions, because these cantons do not subvention this branch of insurance.

§ 3. Bee Insurance.

The report of the Federal Supervision Bureau for the year 1910. shows for the first time a third and new kind of agricultural insurance, insurance of bees. It is undertaken by the *Verein Schweizerischer Bienenfreunde* and its object is to compensate bee keepers for losses caused by foul brood.

Foul brood is a disease caused by bacteria of great resistance in their normal form and reproducing themselves by spores. Hives infected with this are destroyed more or less rapidly, for the broods rot and as the infected hive is a centre of infection it becomes a standing danger for its neighbours. Foul brood is in fact transmitted by bees which rob the decaying or destroyed hives and with the honey bring the germs of the malady to their own hives. This epidemic contagious disease is probably incurable; to fight it it is necessary to sacrifice the infected hive, and destroy

or melt the honey comb; besides the apiary must be completely disinfected, above all the interior of the hives. It is greatly to the interest of the neighbouring bee keepers that the infected apiaries should be quickly dealt with and the centres of infection immediately suppressed.

The Swiss beekeepers' association, anxious to protect itself against this disease, decided on organized foul brood insurance; it was declared compulsory for all members. Thus in German Switzerland at once about 7,000 beekeepers out of 25,000 and 90,000 apiaries out of 180,000 were insured. The organization of this insurance society was copied from that of the association; it has a manager, who is at the same time a member of the central committee of the association, a cantonal inspector for each canton, and a section chief for each section.

The beekeepers have to pay 5 centimes per hive as premiums. At the start, the organisers were convinced that probably this premium would not suffice to meet the losses, but they did not wish the general application of the remedy to be endangered by too high premiums. They had, besides, good reason to hope that the Confederation, in obedience to the law on epidemic contagious diseases, would come to their aid. The insurance society guarantees, when foul brood declares itself, free treatment of the infected or suspected hives, the necessary instruction and assistance for disinfecting the hives and the implements, and finally compensation to the amount of 75% of the value of the hives and honeycomb destroyed. For sanitary reasons even those who are not policy holders are paid compensation up to 50% of their losses, and their infected hives are treated free of charge.

The society began working on January 1st., 1908. In the spring a course of lectures was given with the object of instructing the beekeepers concerned in the most suitable way of combatting the epidemic and organizing insurance on a uniform basis. These lectures gave such satisfactory results that they have been repeated every year.

The following table clearly shows the progress made by this branch of insurance in the four years that the society has been working, that is from 1908 to 1911.

Bee Insurance in Switzerland

	<u>1908</u>	<u>1909</u>	<u>1910</u>	<u>1911</u>
(1) Number of Members of the Society	7,035	1,163	7,498	7,532
(2) Hives Insured	88,741	90,882	102,197	105,179
(3) Cases of Foul Brood:				
(a) In members' hives .	96	90	68	85
(b) In non-members' hives	42	47	28	29
(c) Total	<u>138</u>	<u>137</u>	<u>96</u>	<u>114</u>

	Fra.	Fra.	Fra.	Fra.
(4) Premiums Collected	4,437.05	4,544.10	5,109.89	5,258.95
(5) Claims Paid	5,581.04	5,635.68	3,385.45	4,206.95
(6) Inspection of the Courses	598.15	282.95	510.85	465.95
(7) Printing and Office Expenses	752.70	564.75	483.05	428.05
(8) Management	600	500	500	500
(9) Total Expenses	532.69	6,983.38	4,829.35	5,600.65
(10) Loss (—) or Profit (+). —	3,095.64	—2,439.28	+280.50	—341.70

As soon as foul brood was brought under the federal law on epidemic contagious diseases by order of the Federal Council of December 3rd., 1909, the State also occupied itself with the supervision of infected hives, and the deficits of the two first years of the society, were made up out of the contagious diseases fund founded by the federal law: the cantonal insurance inspectors then became State functionaries with the twofold duty, first, of supervising the strict application of the prescriptions of the sanitary police and, second, of verifying the loss declared and advising the head of the insurance society. The foul brood insurance society now only keeps one of its functions, that of compensating for losses: it is the cantons that must pay the inspectors for their sanitary work.

On the other hand, uninsured beekeepers have no longer any claim to compensation in case of losses: if they are not disposed to attend to the hives infected or to destroy them, they shall be obliged to by the law.

Thus, as we see from the above table, the year 1910 was the first in which the society could close its accounts with a credit balance, but in 1911 it again suffered a loss, swallowing up the profits of the previous year. Some years will have to pass before the advantages of the new organization of the society can be accurately judged.

In Latin Switzerland also foul brood insurance has been promoted on the initiative of the Romance Apicultural Society and in the three cantons of Fribourg, Vaud and Neuchâtel, compulsory insurance is organized by the State. The expense is borne partly by the beekeepers and partly by the State; the administrative authorities for this insurance are the cattle inspectors and foul brood inspectors. The former inspect the hives and collect the premiums; the latter estimate the damage, take sanitary measures against foul brood and supervise their application.

The good results of foul brood insurance in Switzerland have attracted the attention of foreign bee-keepers and many bee-keeping associations have organised similar institutions or are attempting to do so.

PART III.

CREDIT.

CREDIT

GERMANY.

I. CURRENT QUESTIONS.

The New Prussian Savings Banks Bill and its Influence on the Mortgage Market.

Sources:

Heimische Renten- und Sparkassenbestände in "Internationaler Volkswirt," 1912, No. 26, of March 24th (*German Revenue Bonds and Savings Bank Deposits*).

Das neue Sparkassengesetz in "Blätter für Genossenschaftswesen," 1912, No. 12 of March 23rd. (*The New Law on Savings Banks*).

Article in "Frankfurter Zeitung," March 4th., 1912.

Dr. F. ACKERMANN: Der preussische Gesetzentwurf und die Anlegung von Sparkassengeldern in "Landwirtschaftliches Genossenschaftsblatt," No. 15, August 15th; 1912. (*The Prussian Bill and the Investment of the Capital of the Savings Banks*).

Anlegung von Sparkassengeldern (*Investment of Savings Bank Funds*) in "Landwirtschaftliches Genossenschaftsblatt," No. of August 15th, 1912.

The Prussian savings banks which, as institutions, enjoy certain privileges, for example, that of receiving the capital of minors in deposit, are, on the other hand, subject to strict supervision on the part of the State. A new Government bill, introduced first in the House of Lords and then in the Chamber of Deputies, tends to extend this power of the State still further and to prescribe certain investments of their funds for the Savings Banks.

The object of this Bill, which was once before presented to the Diet under another form in 1905, is twofold; first it contemplates the investment of a certain proportion of the Savings Bank deposits in easily realisable securities, with a view to securing their easier liquidation, it further aims at the investment of their capital to a certain extent in Imperial and Prussian State Bonds.

The Bill, which encountered no opposition from the Lords, was keenly discussed in the Lower House.

Its proposals are briefly as follows : The banks must invest from 20 to 30% of their interest bearing capital in the purchase of bonds payable to bearer. The banks must state in their rules the minimum amount that is to be invested in this way. In absence of any such provision in the rules, 25% is the figure fixed as the minimum. Three fifths of this amount invested in bonds to bearer must be in Imperial or Prussian State Bonds. We must observe that the reception given to this bill by the public has been very various.

On the one hand, there was a strong current of opinion doubting the utility of such a measure as a means for raising the price of Imperial and State Bonds. On the other hand, the bill has found a large number of adherents who look upon it as a safeguard for the interests of the nation and consider its adoption equally justified with the provisions of the Imperial Insurance Code, which oblige the accident and incapacity insurance institutes to invest the quarter of their funds in such securities. Others, on the contrary, denied the efficacy of such a measure and declared it to be little equitable from the point of view of the economic liberty of the banks.

The savings banks, also to a large degree, were against these innovations, while admitting that in the case of a certain number of them it was most desirable to increase the proportion of easily realisable funds, and even necessary to prevent the possibility of their not being able to pay in time of crisis they considered that, in most cases, not only would the adoption of the bill trammel their freedom of action, but also it would impose burdens on them.

What concerns us most in this proposal is the influence it may have on the mortgage market.

It has been asserted, among other things, that this injunction upon the banks to invest a certain amount of their capital in State bonds will lead them more and more to neglect mortgage loans. Now we know how important a rôle these banks play in Prussia as mortgagees both in town and country. If, indeed the new law leads them to foreclose the mortgages they hold, in order to invest the funds so obtained in easily realisable securities — which, seeing that the amount of bonds to bearer they possessed in 1910 showed a decrease relatively to 1904 of from 27.05 to 24.95%, perhaps, may be, from the point of view of the financial policy of the banks, a very justifiable step, — it must be considered if the void so caused can be filled in any other satisfactory way. In the case of towns and above all large towns, the thing will be easy enough. The mortgage banks, the insurance societies and institutes which have always shown a preference for urban centres for their mortgage investments, ask nothing better

than to obtain new customers there. It would be much more difficult in the case of small centres and the country districts. Statistics of the investments of the insurance societies, for example, show that they have a marked preference for large towns to the prejudice of small and country districts. Thus, towards the end of 1909, 60% of the capital of the insurance societies was invested in mortgages on real estate in Berlin and its neighbourhood ; 36% in mortgages on real estate in towns of over 100,000 inhabitants, 3% in towns of from 50 to 100,000 inhabitants and 1½% in towns of a population of less than 50,000 inhabitants. Consequently, the savings banks will be easily substituted in the large towns by other land credit institutions.

But it will not be the same in the small more or less agricultural centres and in the country. Here, we must distinguish between the Eastern and Western provinces.

In the Eastern provinces, where large estates preponderate, and where highly developed institutions satisfy the requirements of land credit, the part played by the savings banks has always been of small importance from this point of view. It follows that the funds invested by these banks in bonds to bearer have always been more considerable in these provinces than in the West of the Kingdom.

It has been otherwise in the Western provinces, where the very much subdivided land and the absence of better organizations have often converted the savings banks into land credit institutions of the first rank. It is true that here a portion of the land credit granted to small proprietors by the savings banks is only a specially guaranteed personal credit, which might as well be granted by co-operative societies, but for the rest, it cannot be denied that in the present state of organization the farmers still have need of the land credit granted by the savings banks and that foreclosures occasioned by the law might injure the interests of agriculture.

In order to lessen the hardships the law may occasion, the conservative party has proposed as an amendment that the proportion of the funds to be invested in State securities be limited, according to the importance of the small banks to 10, 15 or 20%, provided they lend on mortgage or on personal security only in their own district.

Since the bill has, as we have seen, the double object of obtaining a large circle of purchasers of Imperial and State Bonds and guaranteeing the easy liquidation of the banks, it is difficult to foresee its fate.

II. — RECENT NEWS.

The Hessian Loan Bank in the Fight Against Subdivision of Rural Lands.

— A very important bill has recently been introduced into the Hessian Parliament, with the object of preventing the subdivision of rural land by means of loans, which the Hessian State Loan Bank (Landeskreditkasse) is to make to communes desirous of purchasing rural estate in the market, so as to prevent them from falling into the hands of purchasers who would sell them again in small lots.

The law authorizes the State Loan Bank, in every case in which the Hessian Mortgage Bank does not intervene, to make loans to the communes at a low rate of interest extinguishable in instalments of at least $\frac{3}{4}$ per cent. These loans shall be granted by preference to communes the resources of which are insufficient and no guarantee on mortgage shall be asked of them. The law prescribes that, immediately a purchaser presents himself, the commune shall proceed to repay the loan. In consequence of the conditions of the Landeskreditkasse the loan shall not pass to the new purchaser.

(Summarised from the *Frankfurter Zeitung*, No. 207, July 28th., 1912).

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- ZOEFL: Die Kreditorganisation in den deutschen Schutzgebieten. Mit besonderer Berücksichtigung der in anderen Ländern gemachten Erfahrungen (*Organization of Credit in the German Protectorates, with Special Reference to the Experience of other Countries*) (Referat). D. Kolonial-BI. February 1st., 1912. pp. 128-58.
- RICKS, R.: Die Grundbuchpraxis. Ein Handbuch f. den tägl. Gebrauch in Grundbuchsachen. 3 Aufl. (VIII, 217 pp.) (*Land Registers. Manual for Daily Use*). Lex. 8° Berlin, Nikolai's. Verl. '12.
- ACKERMANN, Dr. J.: Die Ausführung des Gesetzes über die Zulassung einer Verschuldungsgrenze (*The Putting in Force of the Law on the Limits up to which Real Estate may be Mortgaged*).
- ROBERT FRANZ: Die deutschen Banken im Jahre 1911. VI. Die Hypothekenbanken (*German Banks in 1911. Part VI. Mortgage Banks*) in "Der Deutsche Oekonomist", 1912, No. 1,546. August 17th.
- Die Anlagentätigkeit der Lebensversicherungsanstalt der Ostpreussischen Landschaft. (*Investments of the Insurance Institution of the East Prussian Landschaft*), in "Der Deutsche Oekonomist," No. 1,546, August 17th., 1912.
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- L. GÖTTING: Erfahrungen der Sparkassen auf dem Gebiete des Hypothekenrechts (*The Experience of the Savings Banks in matter of Mortgage Law*) in "Die Sparkasse," No. 731, August 31st., 1912.
- Verteilung der Hypothekeneintragungen und Löschungen in Preussen nach der Höhe ihrer Beträge im Jahre 1909 (*Classification of the Mortgages Registered and Cancelled in Prussia, in 1909, in accordance with their Amounts*) in "Zeitschrift des Kgl. Preussischen Statistischen Landesamts," 1912. I. Abteilung.
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CREDIT

ITALY.

CURRENT QUESTIONS.

Agricultural Credit Departments of the Banks of Naples and Sicily in 1911.

Sources :

- Banco di Napoli - Cassa di Risparmio : Credito Agrario - Relazione sull'esercizio, 1911 (*Bank of Naples Savings Bank : Agricultural Credit - Report for 1911*). Naples, 1912.
- Banco di Sicilia - Rendiconto del Consiglio di Amministrazione sul servizio del credito agrario e bilancio consuntivo : esercizio 1911. (*Bank of Sicily. Report of the Board of Management on the Agricultural Credit Service with Balance Sheet: Working Year, 1911*). Palermo, A. Giannitrapani, 1912.

Our readers know the principles that regulate the agricultural credit work of the Banks of Naples and Sicily, in accordance respectively with the laws of July 7th., 1901 and March 29th., 1906. They know also that the law of February 2nd., 1911 entrusted the Savings Bank of the Bank of Naples with the administration of the funds of the Provincial Agricultural Credit Banks, — founded in 1906 — in eleven provinces of the Southern Mainland (Aquila, Avellino, Bari, Benevento, Campobasso, Caserta, Chieti, Foggia, Lecce, Salerno, Teramo) and the agricultural credit department of the Bank of Sicily with the administration of the Provincial banks of Palermo, Messina, Catania, Girgenti, Syracuse, Caltanissetta and Trapani. There was therefore altogether an additional amount of about 14 millions to be invested in the said provinces, in the proportion

due to each bank(1), in credit operations for farming purposes, according to the rules and in the manner fixed by the 1901 and 1906 laws. These may be summarised in principle as distribution of credit by means of local intermediaries, preferably co-operative societies, so that the loans may be determined by personal acquaintance with the applicants and there may be a better guarantee of the employment of the money, of the possibility of the humblest farmers benefiting by it as well as of its punctual repayment. Only when there is no intermediate body, or when such a one existing does not work or does not inspire sufficient confidence, is the direct concession of loans to farmers authorized.

So much said, we now give the principal data on the administration of agricultural credit, in the case of the two institutes mentioned above, for the year 1911, from which the continual increase of the business will be seen.

§ 11. *Agricultural Credit Department of the Bank of Naples.*

The institutes indicated by the law as intermediary bodies (agricultural and rural banks, agricultural consortiums, people's banks, etc.) have gone on increasing; and indeed their number rose from 1,648 on December 31st., 1910 to 1,750 on December 31st., 1911, in the 18 provinces of the South and Sardinia. But the number of *good* institutes, that is those which may be relied on for the exercise of this form of credit, have increased by 35 only, rising from 833 to 868; classified as follows: 104 agrarian consortiums, 170 agricultural and rural banks, 105 agricultural loan banks, 8 *monti frumentari*, 4 agricultural credit societies, 290 Sardinian *Monti frumentari e nummari*, 9 mutual aid societies, 159 people's banks, 15 savings banks, 4 independent provincial agricultural credit banks (2). In 1902 the *good* institutes were 162.

These institutes are not however all entered on the agricultural register (*castelletto*), but only 546 are so entered, for which total credits were opened of over 17 millions (in 1902 there were 119 institutes, for which

(1) That is: Banks of Aquila, 532,205.87 frs.; Avellino, 864,304.66; Bari, 1,398,840.12 frs.; Benevento, 484,526.17 frs.; Campobasso, 426,457.84 frs. Caserta, 2,082,838.19 frs.; Chieti, 498,884.38 frs.; Foggia, 1,000,528.02 frs.; Lecce, 1,317,074.47 frs.; Salerno, 1,018,136.20 frs.; Teramo, 393,303.01 frs.; Caltanissetta, 397,801.90 frs.; Catania, 698,914.65 frs.; Girgenti, 439,003.43 frs.; Messina, 473,145.17 frs.; Palermo, 875,427.96 frs.; Syracuse, 611,151.68 frs.; Trapani, 314,022.50 frs.

(2) That of Basilicata and the three Calabrian banks styled "Sedi dell'Istituto di Credito Agrario Vittorio Emanuele III°."

credits of over 3 millions were opened), distributed as follows among the various classes of societies :

Agricultural Consortiums	5,800,000
People's Banks	5,725,000
Agricultural and Rural Banks	3,547,000
Savings Banks	709,000
Agricultural Loan Banks	634,100
Agricultural Credit Societies	349,000
Sardinian Monti <i>frumen. e numm.</i>	324,000
Mutual Aid Societies	108,000
Independent Provincial Agricultural Credit Banks	100,000

Frs. 17,296,100

The amount is distributed among the 18 Southern and Sardinian provinces as follows :

Foggia	Frs 3,558,000	Teramo	Frs 688,000
Bari	„ 2,822,000	Chieti	„ 457,000
Aquila	„ 1,957,000	Salerno	„ 446,000
Catanzaro . .	„ 1,113,100	Naples	„ 385,000
Caserta . . .	„ 1,043,000	Campobasso . .	„ 363,000
Reggio	„ 1,041,000	Benevento . . .	„ 339,000
Lecce	„ 955,000	Cosenza	„ 201,000
Sassari	„ 822,000	Avellino	„ 195,000
Cagliari . . .	„ 733,000	Potenza	„ 178,000

Frs 17,296,100

Operations conducted in the year 1911 exceeded 9½ million frs.:

with the funds of the Savings Bank of the Bank

of Naples Frs. 7,465,863.24

with those of the Provincial Banks „ 2,188,349.88

Frs. 9,654,213.12

with an increase of 1,823,812.53 frs. on the amount for the preceding year.

The various provinces profited by the credits opened for them in the following degree :

Foggia	Frs 2,462,024	Cagliari . . .	Frs 319,782
Aquila	„ 1,664,813	Campobasso . .	„ 210,891
Caserta	„ 923,573	Benevento . . .	„ 181,114
Lecce	„ 713,759	Cosenza	„ 164,817
Bari	„ 712,693	Chieti	„ 124,909
Reggio	„ 568,459	Naples	„ 108,157
Sassari	„ 468,097	Avellino	„ 74,416
Teramo	„ 443,711	Potenza	„ 40,460
Catanzaro . . .	„ 432,141	Salerno	„ 40,388

Frs 9,654,213

The provinces therefore that availed themselves most largely of the credits were Foggia, Aquila, Caserta, Lecce and Bari, while the provinces of Potenza and Salerno did so only in a small degree.

Altogether, the amount of credit granted as above, which in the case of the Provincial Banks refers to the period from October 11th, to December 31st., 1911, is distributed as follows among the classes of investments allowed by the law :

Rediscounting	bills No. 17,705	for loans No. 17,207	Frs. 7,469,503.28
Direct Loans	„ 149	„ „ 149	„ 135,009.00
Total	No. 17,854	for loans No. 17,356	Frs. 7,624,512.28
Immediate Discount	„ 284	„ „ 278	„ 2,029,700.84
General Total	No. 18,138	for loans No. 17,634	Frs. 9,654,213.12

The maturity of the 17,705 bills rediscounted to the intermediary societies varied from a minimum of 34 days(1) to a maximum of 3 years and the average amount of the 17,207 corresponding loans was 434.09 frs. The maturity of the 149 bills passed in connection with the loans conceded directly to farmers varied from a minimum of 10 months to a maximum of 3 years and the average amount of the loans was 1,040.27.

But the classification of the credits according to the purpose of the loan and the quality or condition of the borrowers is of greater interest. The credit granted to farmers by means of rediscount and direct loan may be classified as follows with reference to the object of the loans:

(1) This minimum is due to the fact that the intermediary societies only get their bills rediscounted when they have need of cash.

1st. Loans guaranteed by legal privilege.

For cultivation	loans	No. 4,487	Frs. 1,804,080.03
For seeds	„	„ 1,765	„ 688,663.29
For manure	„	„ 1,962	„ 386,205.92
For harvesting	„	„ 411	„ 277,756.25
For anticryptogamic substances	„	„ 1,814	„ 181,106.16
For food to métayers	„	„ 63	„ 7,988.39
For various purposes	„	„ 1,814	„ 815,357.16
No. 12,316			Frs. 4,162,157.20

2nd. Loans not guaranteed by Privilege nor on Deposit.

For large cattle	loans	No. 3,688	Frs. 2,326,178.90
For small cattle	„	„ 617	„ 180,366.54
For machinery	„	„ 328	„ 777,971.18
For farm implements	„	„ 277	„ 46,921.26
For dead stock	„	„ 17	„ 31,708.30
For various purposes	„	„ 30	„ 35,250.00
No. 4,957			Frs. 2,798,396.18

3rd. Loans on Deposit of Agricultural Produce, by Way of Pledge.

On grain	loans	No. 74	Frs. 353,308.90
On wine	„	„ 7	„ 394,650.00
On various produce	„	„ 2	„ 6,000.00
83			Frs 663,958.90

The loans guaranteed by legal privilege represent 54.58 % of the total credit granted to farmers ; those not guaranteed by privilege nor on deposit 36.74 % and those on deposit of agricultural produce, 8.68 % (1).

The bills directly discounted to intermediary societies for the above amount of 2,029,700 frs. may be classified as follows with regard to the purpose of the credit and the character of the societies :

(1) There were no loans guaranteed by conventional privilege.

1st. for collective purchase.

Agricultural Consortiums . . . loans	No. 158	Frs. 1,374,439.55
Agricultural and Rural Banks. . . ,,	84	203,699.83
Agricultural Loan Banks . . . ,,	2	11,526.25
Mutual Aid Societies . . . ,,	1	5,421.00
	No. 245	Frs. 1,545,086.63

2nd. For collective Sale.

Agricultural Consortiums loans	No. 31	Frs. 430,104.21
Agricultural and Rural Banks . . . ,,	2	4,510.00
	No. 33	Frs. 434,614.21

With reference to the quality or condition of the borrower, the credits may be classified generally, as follows :

(a) Proprietors cultivating

their own land . . . loans . . .	No. 11,659	Frs. 5,168,534.36
(b) Tenant farmers . . . ,,	5,252	2,291,458.63
(c) <i>Métayers</i> etc. . . . ,,	344	127,784.64
(d) Tenants on long lease . . . ,,	101	36,734.65

Total loans	No. 17,356	Frs. 7,624,512.28
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The proprietors , then, received the largest credits, that is 67.78 % ; next come the tenant farmers (30.05 %), then the metayers (1.67 %) and, lastly, the tenants on long lease (0.50 %).

In the last working year 48.06 % of the total credit reached the farmers through the agricultural consortiums, 33.08 through the agricultural and rural banks, 0.20 % through the agricultural loan banks, 1.02 % through the agricultural credit societies, 0.28 % through the Sardinian *Monti frumentari*, 1.22 % through the mutual aid societies, 12.88 % through the people's banks, 1.38 % through the savings banks and 1.88 % through the independent provincial agricultural credit banks.

And in proportion to the amount of the individual loans, the credit was distributed as follows :

Up to Frs.	100	. . .	loans . .	No.	6,000	Frs.	328,460.38
From „	101	to	500 „ . .	„	7,897	„	2,288,756.89
„ „	501	„	1,000 „ . .	„	2,366	„	1,936,401.37
„ „	1,001	„	2,000 „ . .	„	705	„	1,220,046.79
„ „	2,001	„	3,000 „ . .	„	134	„	368,079.42
„ „	3,001	„	5,000 „ . .	„	227	„	976,818.28
„ „	5,001	and over	„ . .	„	27	„	505,949.15

No. 17,356 Frs. 7,624,512.28

As in previous years, also in 1911, the interest on direct loans, that is, made directly to farmers, was fixed at 4 %, and that on rediscount operations and direct discount for intermediaries was fixed at 3½ %. The intermediary societies, in their turn, charged an interest varying from 4 to 6 % according to the locality, upon the loans they granted, but the most general rate was 5 %.

§ 2. *Agricultural Credit of the Bank of Sicily.*

Not less important than the work performed by the agricultural credit department of the Bank of Naples is that of the Bank of Sicily, which, on December 1st., 1911, began the administration of the funds of the above provincial banks, entrusted to it by the law of February 2nd. of the same year. It also exercises agricultural credit in the island through intermediary bodies that receive from it the necessary funds for the conduct of their operations. The societies for which credit is opened increased in number from 202 on December 31st., 1910 to 239 at the end of 1911. Of these, 185 were societies of collective title, 39 limited liability societies, 3 societies *en commandite* and 12 incorporated bodies. Considered according to character, they were divided as follows: 96 agricultural co-operative societies for production and labour; 75 agricultural banks; 35 rural banks; 14 agricultural consortiums; 5 co-operative wine societies; 3 agricultural associations; 8 *monti frumentari*; 3 people's banks (1): The number of their members was 35,471; the property belonging to members

(1) The progressive extension of the societies for collective farming should be observed. On December 31st., 1911; there were 37, 13 of them in the Province of Palermo, 4 in that of Catania, 3 in that of Girgenti, 7 in that of Trapani and 10 in that of Caltanissetta. The total area of land rented was 40,056 hectares, 31,977 being divided in lots among the members.

unlimitedly liable amounted to 143,797,000 and that of the societies themselves to 2,453,072 frs.

The credits (*fidi*) opened by these societies amounted on December 31st last, to 11,392,000, divided as follows :

	No.	Amount
Palermo	50	2,154,000
Caltanissetta	37	2,010,500
Girgenti	48	1,842,500
Caltagirone	19	1,515,000
Syracuse	29	1,477,000
Trapani	28	1,418,000
Catania	16	779,000
Messina	12	196,000
	239	11,392,000

The operations conducted in 1911 reached a total amount of 9,137,972 frs., distributed as follows among the various regions within the field of action of the Institute.

	No. of Bills. of Exchange	Amount
Palermo	5,891	1,748,648.31
Caltanissetta	6,444	1,564,733.85
Caltagirone	5,638	1,544,425.77
Girgenti	4,156	1,530,424.02
Syracuse	2,781	1,051,267.60
Trapani	4,625	1,028,588.29
Catania	1,050	482,472.80
Messina	462	187,411.50
	31,047	9,137,972.14

Of the bills discounted for the above amount, 30,964 for 9,115,597 francs were in connection with operations conducted through the intermediary societies. Of these, 30,766 for the amount of 7,852,904 frs. were passed by farmers in favour of societies and ceded by these to the Bank, and 198

for 1,262,692 frs. were directly discounted by the Bank to societies for the following purposes: (a) for collective purchase, 113 for 757,051.05 frs.; (b) for advances on produce, 27 for 174,982 frs.; (c) for loans to farmers, in default of the society's own funds, 57 for 327,225.53 frs.; (d) for payment in advance of rent in collective farming associations, 1 for 3,434 frs.

Direct operations with private persons are represented by 83 bills for 22,374.99 frs., showing a further reduction in comparison with previous years. The average amount of bills discounted in 1911 was 294.34 frs.

But also here it is important to consider the operations concluded in reference to their object, the position of the borrowers and the kind of crops.

With regard to the purpose of the loans, the operations may be classified as follows:

Cultivation	No.	6,035	for Frs.	1,362,074
Cattle	"	2,307	" "	1,112,442
Manure	"	4,341	" "	505,999
Seeds	"	1,639	" "	254,899
Harvesting	"	1,001	" "	220,610
Machinery	"	122	" "	100,969
Agricultural Implements .	"	19	" "	13,506
Anticryptogamic Substances	"	51	" "	10,634
Dead Stock	"	16	" "	9,863
Various Purposes together .	"	15,318	" "	4,284,280

We have already given the classification, according to the purpose of the loans, of the discount operations for intermediary societies last year, amounting to 198 for 1,262,692 frs.

With regard to the various crops, the bills discounted in 1911, exclusive of those issued by intermediary institutes, were divided as follows:

Grain Farms	No.	18,094	for Frs.	4,567,581
Vineyards	"	5,341	" "	1,362,082
Orange, etc. Groves . . .	"	2,009	" "	676,495
Olive Yards	"	275	" "	71,279
Various Crops	"	5,130	" "	1,197,840

Finally, with regard to the persons of the borrowers, the bills passed to the Bank through Societies or directly may be classified as follows:

	No. of Bills	Frs.
Tenant farmers	15,112	3,545,391
Proprietors	11,666	3,366,391
Métayers	2,535	499,382
Tenants on long lease	1,536	464,113

The amount of interest taken by the Agricultural Credit Department of the Bank of Sicily on discounted bills in 1911 was invariably 4 %. The intermediary institutes, in their turn, generally charged 6 %.

* * *

In five years of its life (1907-1911), the agricultural credit department of the Bank of Sicily has granted loans for about 24 millions and the Savings Bank of the Bank of Naples has, in ten working years, (1902-1911) granted over 38 millions in loans. The Southern, Sicilian and Sardinian country districts have therefore profited altogether in the time indicated by a credit of over 60 millions, without counting the loans made by various societies out of their own funds which we have not been able to estimate.

CREDIT

ROUMANIA.

CURRENT QUESTIONS.

The Rural Bank of Roumania.

Sources :

(a) *Official.*

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§ 1. General Introduction.

In the new studies on the organisation of rural credit in Roumania, in the June number of our Bulletin, we occupied ourselves exclusively with credit institutions in favour of large agricultural properties, intending, to speak later on, of the three kinds of credit institutions organized in favour of the small Roumanian farms.

These three categories are the following :

1. *The People's Banks*, working since 1883.
2. *The Agricultural Credit Bank*, founded in 1893, the activity of which has been extended by "The Viticultural Credit Bank", established in 1906.
3. *The Rural Bank*, founded in 1908 in accordance with the law of April 4th. of the same year.

Although the Rural Bank at Bucarest is the latest among these rural credit institutions giving credit in favour of the small peasants in Roumania, its origin, history and characteristics give it the first place. It deserves special attention. It is for this reason that we devote this article to the description of its organisation, functions and the results of its work in the last four years, ending with the last report published in March of this year.

In order thoroughly to understand the part which this Rural Bank plays in the Roumanian agricultural world and the ends for which it has been founded, it is necessary to understand certain principal traits of the agricultural organisation of Roumania, which are intimately bound up with the history as well as with the existence of this bank. With this object in view it is necessary to refer to the agricultural law of August 14th-26th., 1864, by which Joan Cuza wished to assure to the great mass of the agricultural classes (1), until then without lands, the farms needed for the existence of small cultivators.

This law, in fact, expropriated a large part of the immense properties of the nobility in favour of small cultivators ; compensation being paid by the State to the owners. On the other hand, the small cultivators who became the proprietors of the expropriated lots, had to cover the expenses

(1) These classes were composed of two categories : a small number of free peasants, called *mosneni* or *tenezi* in Wallachia, *megiasi* or *rezest* in Moldavia, and a large number of tenants on long lease : *romani* or *slobogi* (Wallachia) and *vicini* or *plugari* (Moldavia). The agricultural law of 1864 only mentions this second, more important category, whose relations with their landlords remind one of the conditions imposed upon the Russian peasants by the nobility, prior to their emancipation ; except in one important point, however, that the small farmers in Roumania have never been *serfs*, in the legal sense, as they were in Russia up to the year 1861.

of the expropriation by refunding, in 15 yearly payments the sum advanced by the State to the large land-owners.

In this way 316,115 small cultivators acquired private property of an area of 1,194,282 hectares, and 151,725 obtained 571,976 hectares under similar conditions from the State domains, in lots varying between 3 and 8 hectares, according to the province, the richness of the soil and the class of the peasants. The total of the yearly payments to be provided by the cultivators favoured by this law amounted to nearly 150 million leis.

Besides these lands, the same law granted 228,000 hectares, at a price of 118½ leis per hectare, to the cultivators who could not obtain the necessary lands from the landowners.

As these transactions had not met the demands of the small cultivators, other new sales took place in accordance with the laws of 1868, 1873, 1875, 1881-89 and 1906. The area of the lands sold in accordance with these laws amounted to 740,000 hectares, for which about 270 million leis were paid.

The area of the properties granted to the small farmers in Roumania since 1864 amounts therefore to more than 27,000 sq. km. (the area of arable land in the whole of Roumania is about 100,000 sq. km. and that occupied by the small farmers possessing less than 10 hectares only 31,500 sq. km.), and the payments to be made by the small cultivators for the acquisition of lands amounts to a total of nearly 500 million francs.

A new law has been added to those mentioned above, concerning sale to the peasants, of the large estates held in mortmain. The latter occupy about 413,000 hectares, and belong to the churches, to convents and to certain public institutions, which are authorised (but not obliged) by the said law, passed at the commencement of the present year and coming into force on the 26th., October, 1912, to sell their lands in favour of small farmers.

Now, it is evident, that, already at the commencement of these great transformations of agricultural properties, the need of a financial institution would be felt, which could serve as an intermediary between the small farmers, and the land-owners, on the one side, and the State, on the other, to settle all questions of legal and technical nature arising between the new proprietors and the expropriated land-owners, and also to regulate all financial questions between the small farmers and the State.

Further, the enormous increase of the agricultural population and the absence of legislative provisions regulating rural succession, and the division of peasant properties, on the one hand soon rendered the lots of land created by the agricultural law of 1864 insufficient, and on the other helped to form an agricultural proletariat not even possessing an inch of land. Thus, in 1902, of a total of 921,000 peasants with families, about half of

them (423,000), only possessed lots of 3 hectares at the most(1), whilst 250,000 agriculturists possessed no land at all.

These conditions soon showed the necessity of first taking new measures in order to increase the number of the lots of land to be placed at the disposal of the small farmers, and, secondly, of establishing a financial and agricultural institution to undertake this work, as has been done in Russia since 1895 by the Peasants' Bank, founded in 1882 under agricultural and social conditions which have many points in common with those of Roumania.

In fact, the liberal cabinet had already in 1897 brought in a bill authorizing the establishment of a Rural State Bank destined to remove both the economic and social evils from which agriculture in Roumania suffered. The bill was passed by the Chamber of Deputies, but it was never presented to the Senate, because the conservative party, formed or sustained principally by the large land-owners and *boyars*, opposed it in the most uncompromising manner.

The idea of creating such a Rural Bank in favour of small farmers was not taken up again until after the great peasant revolt at the beginning of 1907, caused precisely by the hard conditions of the Roumanian peasants' lives, which it was proposed to alleviate. However, at this period, the new bill authorizing the creation of a Rural Bank formed part of a series of legislative measures proposed in 1908 by the Government to protect the interests of small farmers against the abuses and severities which had provoked the disastrous revolt. These Government measures formed a whole group, the principal characteristics of which it is necessary to know in order to understand its details, one of the most essential being precisely the law concerning the rural bank. We will therefore state briefly the purport of the principal agricultural reforms of 1908.

They are three in number:

1. *The law upon agricultural contracts.* This law proposed to regulate the conditions of rentage and of work, to which the small Roumanian farmers were subject, to protect them against abuses and usury, which flourished in all parts of Roumania, and were favoured by the necessity of the small farmer having to add to his lands at any cost, as well as his having to increase his receipts by the product of his own labour, by working at any price for the large land-owners.(2).

The most important chapter of this law provides for the acquisition, on the part of the rural communities, of large *communal pasture lands* in order to supplement the lots of the Roumanian peasants in themselves too small.

(1) For further details see the table in our Bulletin for June, 1912. p. 150.

(2) The industrial development of Roumania is still too insignificant to absorb the surplus rural population and enter into serious competition with agriculture, so as to affect the price of rural manual labour.

The communal pasture lands must be detached from the estates of the large land-owners living in the neighbourhood of the commune concerned, but sale and purchase are optional and may take place by free agreement between the land-owners and the peasants. The prices, however, must be submitted for approval to the Superior Council of Agriculture, which has established a kind of tariff for each rural district, taking the commercial value of the properties of the district, increased by 10 %, as the average. The law only deals with those peasants who have received lands by virtue of the law of 1864 ; it does not provide, in consequence, for the small independent peasants, such as the *mosneni* and *rezesi* (see p. 144).

2. *The law against the " trusts " of the large farmers.* The object of this law, promulgated on April 10th., 1908, was to prevent the hiring of latifundia by one single person, because such a large farmer, by taking under his control almost all the available properties for hire in a rural commune, would have a monopoly as against the peasants, upon whom he could consequently impose his own terms for sub-letting and for farm labour.

The law declares void all contracts of hire, by which one single person or an association of persons obtains possession, under any form whatsoever, of more than 4,000 hectares. The contracts of hire already in force, contrary to this law, must cease, according to art. 4, on April 23rd. of this year. (1912)

Readers of our recent article upon credit in favour of large land-owners will easily understand that this law aimed in the first place at doing away with the *intermediaries*, that is to say persons, often entire strangers to agriculture, who carried on a deplorable trade taking on hire a whole series of properties, belonging to the large land-owners, with the sole object of sub-letting them in their turn to the peasants, and realizing, in this manner, huge profits at the expense of the latter.

3. *The law of April 4th., 1908 authorizing the creation of a rural bank.* The principal object of this law, expressed in the first article, is to assist the small farmers (1) in their efforts towards increasing their lands, especially by according them long-term loans to enable them to purchase supplementary lots. Further, the bank was authorized to fix the maximum prices of the lands sold by the large land-owners to the peasants, whether the sale of the lands in question was effected *with* or *without* the intervention of the said bank.

Then, the bank to be founded in conformity with this law must undertake payment of the sums due to the landowners selling from the

(1) This law applies to all Roumanian peasants, without distinction, if they belong to the categories benefiting under the laws of 1864 or not ; it thus applies also to the *mosneni* and the *rezesi*, excluded by the law on agricultural contracts.

purchasing communes, according to the law on agricultural contracts, for the lands intended for communal pastures. By means of this provision, there is evidently a close bond between the first and the third law mentioned here, in the same manner as there are close relations between the first and the second (against the "trusts" of the large farmers), which thus mutually complete each other.

On the other hand, this provision hinders the action of the new rural bank in its principal object: the augmentation of the lots of the small farmers. Because the bank, according to the same law of April 4th, 1908 (§ 4. g), must issue rural bonds, in order to obtain the necessary funds for its business in the sense of the law. Now, considering that a large part of the financial resources realized by the issue of rural bonds will be absorbed by the payments for communal pastures transferred in conformity with the provisions of the law of April 10th., 1908, on agricultural contracts, by the large land-owners to the small farmers, it is evident only relatively small sums will remain with which to accomplish the principal object: the direct increase of the lots of land at present insufficient for the existence of the small farmer.

It is true that the purchase by the rural communes of communal pasture lands, although in an indirect and partial manner, satisfied the need of the small cultivators of increasing the lands which they already possessed. But materially this increase could not be other than insufficient, and still worse: the idea even of creating communal pasture lands cannot be qualified as a happy solution of the question, considering that this same provision forces the small cultivators to prolong the antiquated condition of extensive cultivation, without regard to the changes, which the predominant conditions of production and commerce are undergoing in the economic sphere, on which the consumption and exportation of agricultural produce in Roumania depend. And this artificial prolongation of too extensive cultivation will thus take place in spite of the fact that the small farmers in Roumania, even if they received lands of a much larger area than it will ever be possible to assure them (1), could not, in general,

(1) It must be remembered here, that to increase to 5 hectares, the lots of the 700,000 peasants possessing less than 5 hectares, it would be necessary to sell them land of about 1,800,000 hectares in area, that is the half of the area of the properties of the large land-owners of above 100 hectares: 3,787,000 hectares in 1905; see *Jonescu*, op. cit. p. 86). And this is without taking into consideration the 250,000 farmers (in 1902) who possessed no land at all, or the rapid increase of the rural population, which has grown, since 1902 (date of the last enquiry into the division of the population according to professions) by 3/4 ths. of a million persons living in the country, equal to 125,000 families at the least. These are precisely the facts which caused the Government of Roumania to pass the recent law (entering into force on October 26th. of this year) authorizing the sale to the peasants of 400,000 hectares held in mortmain: see page 145.

think of maintaining a tolerable and independent existence without, in the near future, intensifying their mode of cultivation.

Finally, one must not take it for granted that the results of the Rural Bank obtained up to the present have been considerable, especially if they are compared with the essential object, to favour the purchase of supplementary lots permitting the small farmers to augment their agricultural production, not only by enlarging their lands, but also by the intensification of cultivation. It is true that the law concerning agricultural contracts contains, in the part regarding the communal pasture lands, some provisions (art. 28) tending to facilitate for the small farmers another use of the land, acquired in the first place for the purpose of keeping live-stock, that is to say, aiming at the transformation of these communal pasture lands into land for intensive cultivation. But, as the practical utility of the above mentioned article depends on the peasants buying the pastures being in accord among themselves for the inauguration of a more intensive cultivation, one must not, at present, rely too much on the efficacy of these provisions.

Another unfavourable feature, from the point of view of the development of an energetic action by the Rural Bank in the domain of agricultural reforms is that the law has permitted the said bank to occupy itself with purely financial transactions.

In fact, the study of the reports of the Rural Bank concerning the results obtained during the first three financial years of its existence, essentially justifies, as we shall see below, the doubts which certain fundamental principles of the law, according to which the bank has been organized, already inspire. (1) In the following section we shall examine this organisation more closely, in order to give, in the third part of this article, a detailed statement of the results of the working of the rural bank at Bucarest since its origin.

§ 2. *The Organisation of the Rural Bank.*

At the time of the presentation of the bill on the Rural Bank to the Chamber of Deputies at Bucarest, in the month of January, 1908, lively discussions took place as to whether the bank to be founded according to this bill should assume the character of a State institution or a private undertaking.

The opinion expressed in favour of the first alternative was that the institution to be founded ought to aim at moral and social, rather than commercial ends, and that it ought to abstain from trying to make profits and from all financial speculation.

(1) CREANGA, *op. cit.* p. 112 and 118.

This opinion was combatted by its adversaries, who insisted upon the argument, that the establishment of the bank under the form of a State institution might have the result of confirming the already dangerous idea of the peasants that it was the *duty* of the State to procure sufficient lands for them, which would, without doubt, bring about deplorable consequences, considering that the State would never be in a position entirely to satisfy the wants of the small farmers, without expropriating nearly all the large land-owners, that is to say, buying half of the cultivated land in Roumania. Further, they brought forward the argument that a State institution might easily go under in consequence of changes in the political world, so that one could never guarantee a free and continuous development of its affairs, without emancipating it from political influences.

The importance of the first of these two arguments being admitted, a compromise was arrived at, that is to say, that the rural bank should be founded as a mixed institution, in the sense that the State should always take part in it as a member, by payment of half of its capital. However, upon the demand of the Minister of Agriculture, the provision was inserted in the bill, that the said bank must be managed on bona fide commercial principles, and this decision was formally recognised by the provisions *i* and *j* of article 4, authorizing the bank to take part in ordinary banking business. We shall see later on that the establishment of these principles has hindered the activity of the institution in the important field of home settlements, if not in other operations within its competence, defined particularly in the provisions in the first chapter of the law, which was passed by the Senate on March 19th., 1908, and almost unanimously (66 votes to 1) by the Chamber on March 24th., and was promulgated on April 4th. of the same year. We now give a brief summary of it, sufficient to give an idea of the institution and to make known the nature of its affairs.

Object and nature of the institution. — The capital of the institution is ten million francs in 20,000 shares of 500 francs each, five millions paid by the State and five millions by private persons under the form of public subscription.

The said capital can be augmented as required, by decision of the General Meeting, and with the approval of the Government. The State will contribute to these increases in the proportion indicated above, and the initial payment is three million francs. The remainder must be paid gradually as required, in conformity with the decision of the board of administration; final payment was made during the year 1911. According to § 2, the rights and the attributions of the Rural Bank according to the present law, cannot be modified, nor undergo any restriction whatever, either directly, or by means of other concessions or co-associations, before the elapse of a period of 30 years, from January 1st., 1908.

The Rural Bank will continue to exercise, even after the expiration of the period of 30 years, all the rights which are granted to it by the present law, in all matters connected with the settlement of the business commenced during the period of these 30 years, and until the complete payment of the rural bonds issued to realise payment, interest and simple contract debts, secured on first or other mortgage.

The operations which the Rural Bank is authorized to undertake are the following : (§ 4).

(a) To represent the peasants in the negotiations with the land-owners who desire to sell their estates or lots for the purchase of these lands by fixing the conditions of sale and the price.

(b) To fix the maximum price of the estates or lots which the peasants desire to buy and of which the conditions of sale will be decided directly between the land-owners and the peasants.

(c) To buy at public auction sales or by mutual agreement, at advantageous conditions, estates or lots of lands, of an area superior to 200 hectares, in order to re-sell them later to the peasants.

Lands or lots of land less than 200 hectares can be bought under the same conditions and for the same object, from public institutions and from persons of trust.

(d) To direct, control and execute all the operations relative to the subdivision and to the payment of the price of these lands.

(e) To accord to the peasants, at a maximum rate of interest of 5 % per annum, loans on mortgage guaranteeing the restitution to the Rural Bank of the sum paid by it to the seller of the land or of the portion of the land bought by the peasants in lots, or else the payment of the price of the land bought directly by the peasants from the Rural Bank.

(f) To accord to the communes, at 5 % interest at the most, loans on mortgage guaranteeing to the Rural Bank the reimbursement of the price paid by it to the seller, with the object of constituting or completing *communal pasture land*, or else the payment of the communal pasture lands bought from the Rural Bank.

(g) To issue *rural bonds* which shall be given in payment of the lots bought by the peasants or otherwise for the communal pasture lands, as well as for the estates which the Rural Bank will buy.

(h) To receive from the buyers of the lots of land and from the communes, the sums due for the interest, annuities, administration expenses and other accessory costs due on the portions of land which they have bought, and exclusively to employ the interest and sinking fund for payment of the shares and bonds drawn for by lot.

(i) To accord loans to agriculturists, either upon bills of exchange, or upon State or State guaranteed securities, upon land securities and all

other bills accepted as security by the State, with the exception of rural bonds.

(j) The sale and purchase of such securities.

(k) To encourage and superintend the improvement of the cultivation of the lands in the properties sold in lots by the Rural Bank or through the medium of that institution.

The registry of mortgages constituted to the profit of the Rural Bank, are not required to be renewed ; the mortgagee's rights are not lost by prescription. This registration of mortgages guarantees the interest until full payment of the claim, without it being necessary to make a new registration at the expiration of the three years contemplated in art. 1,785 of the Civil Code.

Conditions of Sale. — To facilitate the work of subdividing the estates, lots of a uniform area of 5 hectares are formed.

In exceptional cases and only in the mountainous and hilly districts with vineyards, the Rural Bank can reduce the area of the lots to 3 hectares.

One peasant can be the purchaser of 5 lots at the most, and the buyers of one single lot have preference over those buying several lots. Among those buying several lots, the peasants who desire to buy the least number of lots have the preference.

Priests of the rural communes and school-masters, even if they possess less than 5 hectares of land, or if they possess none at all, are not allowed to purchase more than two lots.

These lots must adjoin each other so as to form a single piece of land, except in case the management of the Rural Bank considers that these lots must be separated in the interest of the purchasers.

The peasants buying the lots must pay directly to the Rural Bank, at the time of signing the contract, drawn up by this institution, a part of the price varying as follows :

(a)	The purchasers of	1 lot must pay	. . . . .	15 %
(b)	„	„	2 or 3 lots must pay	. . . . . 25 %
(c)	„	„	4 or 5 lots must pay	. . . . . 35 %

The Rural Bank has the right to reduce the first payment of 15 % prescribed for the purchase of one lot to 10 %, in cases it considers that the payment of 15 % constitutes an evident hindrance to the purchase of these lots.

Besides these sums, the peasants must possess the agricultural instruments necessary and the number of head of cattle corresponding to the area of the land they desire to purchase.

In case the peasants contract loans with the *People's Banks* to pay a part of the price of the lots or to buy the articles prescribed in the pre-

ceding article, they are not permitted to borrow a sum superior to the credit they have in these banks.

Among the peasants desiring to buy a single lot of land, preference is given to :

(1) Those who possess less than 3 hectares and who live on the estate for sale.

(2) Those who possess no land and who live on the estate.

(3) Those who possess less than 3 hectares and who live at a distance of less than five kilometers from the estate.

(4) Those who possess no land and who live at a distance of less than five kilometers from the estate.

(5) Those who possess pieces of land of from 3 to 5 hectares in the estate at a distance of less than five kilometers.

(6) Those who possess no land and who live at a distance of more than five kilometers from the estate.

(7) Those who, without adequate justification, have sold the lots of land which they had acquired by virtue of the laws of 1864 (1), of the laws upon the sale of State properties or of the present law founding the rural bank.

At the time of the division of the land, an area is reserved to constitute or to complete the *communal pastures*, according to the regulations established by the law on agricultural contracts, chapter III, 1st. section, concerning communal pastures. The area of this piece of land is fixed by the same law. This part of the estate must be bought by the commune and serve as grazing-land for the live-stock belonging to this commune. The communes which have not had the opportunity of procuring pastures for themselves under these conditions, can constitute communal pastures or complete them with the intervention of the Rural Bank.

The Rural Bank is authorized to grant loans to the communes for the payment of debts contracted by them with a view to constituting or completing their communal pastures. To insure payment of these loans, the Rural Bank has a registered first mortgage on the communal pastures. The revenues of these pastures are entirely, and by law, appropriated for the payment of the instalments of the loans. The communes cannot use these revenues for other purposes and the creditors of the communes cannot sue the latter. In case of lack of funds, the commune is liable to the extent of all its revenue, and further, the *State guarantees the payment of the communes' debts to the Rural Bank* and the annuities for these debts.

At the time of the division of the lands, in case of need, an area of land is reserved for the construction of village dwellings, at the rate of 2,000.

(1) See the general introduction to this article.

sq. metres for each family. When the number of lots is superior to 100 and the new groups of dwellings which must be constructed cannot be united with any one of the villages or hamlets or to any of the communes already existing, and in case the latter are situated at a distance of more than 6 kilometers, a new village or a new commune is created.

Provisions binding the purchaser. — The lands acquired through the medium of the Rural Bank cannot be leased without the consent of the bank, which will not be granted except in case the owners find it impossible for them to cultivate their lots. Any land acquired through the intervention of the Rural Bank can only be leased to peasants of Roumanian nationality.

Contracts made by persons who have leased similar lands without the consent of the Rural Bank are void in law, and the Bank at any time, may demand the expulsion of the farmer.

By virtue of the mortgage which the peasants pass to the Rural Bank, they are *obliged* to contribute to the improvement of the cultivation of the land, by cultivating artificial fodder, root crops, sugarbeets or textile plants, and they are also bound to submit to the conditions of cultivation ordered by the regulations of the Bank.

The lots purchased in conformity with the present law can be transferred under the following conditions :

(a) Lots of 5 hectares can only be transferred from one peasant to another, and peasants cannot buy more than 2 lots nor constitute by these purchases a property of more than 15 hectares in area ;

(b) Priests and school-masters who possess less than 5 hectares can only buy two lots of land from the peasants.

All sales of land except under these conditions are void. *An exchange is, however, permitted*, of the lots purchased in conformity with the present law and of all other land of the same quality, with the consent of the Rural Bank. Peasants possessing large lots can only sell them by means of bonds and upon the same conditions as they bought at, the Rural Bank having the right of preference in the matter of purchase.

The lands bought through the intervention of the Rural Bank *can only be mortgaged* in favour of other persons *with the consent of the Rural Bank* and not for more than the maximum sum paid by the buyers by means of the debt contracted by them to the Rural Bank. All mortgages contrary to these provisions are null.

The issue of rural bonds. — For the payment to the seller of the price of the lands or parts of land bought in conformity with the present law, the Rural Bank will issue (art. 49) rural bonds to bearer, at an annual interest of 5 % to be repaid within a term of 50 years by means of half yearly drawings. The term for extinction of the debt is the same for all debtors appearing in the same mortgage deed.

The issue of rural bonds must not exceed the amount of the mortgage debt of the buyers to the Rural Bank and the issue for payment of the price of the estates bought by the Rural Bank must not exceed 85 % of the price of the land. Then, the price at which the Rural Bank sells the estates bought by it may not exceed 10 % of the price at which it bought them.

Indivisibility of the Lots. — The lots of 5 hectares bought through the medium of the Rural Bank or directly of it, *are indivisible*, whether they be transferred by sale, donation, inheritance (by testamentary disposition or otherwise) or in any other way.

Holdings consisting of two or more lots cannot be divided in any case into portions of less than 5 hectares.

When one or more lots of 5 hectares has been left to a number of heirs exceeding the number of lots, the lot or lots shall be assigned in full possession to one heir only or to a number of heirs equal to that of the lots.

Management and Administration. — The board of administration consists of ten members, one of them a Councillor of the High Court of Cassation and Justice, appointed by Royal Decree, on the proposal of the Minister of Agriculture, Commerce, Industry and Crown Lands; a member of the First Society of Roumanian Land Credit, a member of the Board of Management of the Central Bank of the People's Banks, a Delegate of the Superior Council of Agriculture, three members nominated by the Government and three members elected at the general meeting of shareholders.

The board of management of the Rural Bank is composed of a manager and one or two sub-managers. The Manager is selected by the Minister of Agriculture, Industry, Commerce, and Crown Lands, with the approval of the Council of Ministers, from a list prepared by the Board of Administration containing three names. The submanagers and the rest of the staff are appointed and dismissed by the Board of Administration. The Government exercises control over the business and proceedings of the Rural Bank by means of a Commissary appointed by Royal Decree on the proposal of the Minister of Agriculture, Industry, Commerce and Crown Lands.

Arts. 74-76 of the law determine the manner of the distribution of the surplus balance from the year's work of the Bank as follows :

From the net annual profits there is deducted :

30 % to form a reserve fund.

and 70 % is distributed among the shareholders.

When, after the distribution of a dividend of 10 % there still remains an amount of more than 10 % to be distributed, 50 % is paid into the reserve fund and 50 % to the shareholders.

The dividend due to the State in excess of 6 % is employed for the creation of an improvement fund.

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After this sketch of the organization of the bank we shall consider the principal results of its work in the four years since its foundation.

In order to facilitate a just objective appreciation of the progress of the business of the bank, we reproduce below (pp. 158-159) its last two balance sheets with the principal elements of the operations conducted by it up to the present.

In the accounts brought up to December 31st., 1911, showing a total business of over 68 million francs, there are above all four points that demand our attention, that is (among the credits) (1) the *purchase* of land by the Bank (35,572,663 leis); (2) the *loans* granted to communes for the formation of communal pastures (15,914,600 leis), (3) the *sale of lots* to peasants (4,911,491 leis) and (4) (among the debits) the *issue* of rural bonds, the revenue from which (50 million leis) forms the principal item of the financial resources of the Bank. On a first glance, we are astonished at the disproportion between the amounts of land bought and sold by the bank, the latter hardly representing the eighth of the total land purchased by the Bank since its foundation. In fact, the last report contains statistical data in evidence of this anomaly, as is shown in the following table, drawn up in accordance with the official statistics of the Bank itself.

Work of the "Rural Bank" in the Field of Home Settlements.

Years	Land bought				Land sold		
	Area in ha.			Amount in leis	Area in ha.	Number of Lots	Amount in leis
	arable	pasture	Total				
1908	6,156	2,152	8,308	4,200,940	—	—	—
1909	14,678	4,058	18,736	9,532,829	520	124	436,430
1910	18,159	12,438	30,597	16,392,155	2,183	458	1,778,287
1911	18,152	307	18,459	13,256,992	3,751	856	2,696,774
Total . . .	57,145	18,955	76,100	43,382,916	6,454	1,438	4,911,491

From the figures in this table we see that the Bank has up to the present bought land of an area of 76,100 hectares, whilst, since its foundation, it has only sold 6,454 hectares, in 1,438 lots, that is, it has not subdivided even the tenth part of the estates bought from the large landholders; the total area of the land sold (6,454 hectares) does not even attain the amount of the area bought in the first year (8,308 hectares), so that the unsold land has increased very appreciably in this period. This may be eventually sufficiently advantageous for the large land-owners, but not for the small peasants, for whom the Bank was founded. In order to judge of this situation, we must wait for explanations, which are not given in the official reports of the Bank.

While these unsold lands appear among the assets of the Bank as 35½ million leis constituting an unproductive capital, until the Bank shall subdivide them and sell the peasants the corresponding lots, on the contrary, the 16 millions lent to the communes to facilitate the purchase of pasture lands, represents really a branch of the work of the Bank, in conformity with the law. But we have already shown, in the first section of this article, that the advantages from this branch of the action of the Bank are very doubtful, as the purchase of pasture land can only be a temporary measure to obviate for the moment the difficulties encountered to-day by Roumanian agriculture.

To sum up, we could not say that the 50 million leis issued as rural bonds, nor the ten million forming the share capital, have up to the present produced a result appreciably to the advantage of the small Roumanian farmers. It will be enough to compare the 6,454 hectares ceded to them with the minimum of 1,800,000 hectares they require in order to obtain the minimum of 5 hectares judged necessary by the law itself; or the number of small peasants benefiting by these measures (1,438) with the number of heads of families who have not enough land (700,000), to convince ourselves of the truth of the above remarks.

Let us, however, hope that the Bank will soon succeed in selling the land it possesses amounting to almost 70,000 hectares, in lots to peasants in need of land, and that the new law, authorizing the sale of the 400,000 hectares held in mortmain will give more important results.

We shall complete this article by a more detailed analysis of the last report on the work of the Rural Bank, to which we refer the reader who desires to know all the particulars of the work of the Bank in recent years.

C R E D I T S	December 31st., 1911	December 31st., 1910
Shares	142,475—	2,672,150—
Cash in Hand	215,577.01	5,190.81
Government Bills placed with the National Bank	1,086,692.20	1,088,192.20
Bills Discounted	3,786,200—	5,187,486.40
Bills Rediscouted	1,372,200—	1,329,000—
Current Accounts	529,349.15	774,976.38
Land Bought	35,572,663.34	27,529,761.20
Management of Estates	528,966.12	416,839.28
Land Sold in Lots to Peasants. . . . Leis 4,911,491.48	—	1,887,690—
Paid		
in cash Leis 602,866.23		
by instalments " 39,081.43		
———— " 641,947.66	4,269,543.82	
Mortgage Loans Passed on Land Bought by Peasants Leis 3,768,912.50		3,751,033.99
Paid in instalments " 37,411.88	3,731,500.62	
Loans to Communes on Pasture Land Leis 15,914,600.—		6,417,929.45
Paid in Instalments " 45,690.20	15,868,909.80	
Bills in Reserve Fund	199,815.35	68,570.35
Bills in Pension Fund	30,761.85	14,731.25
Bills in Guarantee Fund	87,500—	75,000—
Government Bills in Pledge	267,500—	300,500—
Commercial Bills in Pledge	305,000—	319,000—
Equipment and Plant	I—	23,754.78
Library	I—	I—
Instalments Due	39,335.89	40,839.91
Rural Bonds at 5 % retained	163,100—	1,076,900—
National Bank, Current Account on Deposits	101,812.58	—
Government Bills in Deposit	68,600—	3,115,200—
Counter-Items	9,558.40	141,777.97
	68,368,063.13	56,236,524.97

lowest, on December 31st., 1910 and December 31st., 1911.

DEBITS	December 31st., 1911	December 31st., 1910
Capital	10,000,000 —	10,000,000 —
Reserve Fund	200,655.80	68,894.41
<i>Thrift and Improvement Fund</i>		
Capital Lei 201,462.17		
Expenditure » 64,255.35		
	137,206.82	94,495.18
Pension Fund	32,545.17	16,059.10
Rural Bonds at 5 % in Circulation	50,489,500 —	30,924,700 —
Rural Bonds at 5 % Drawn for by Lot	141,100 —	91,900 —
Sale of Land	358,387.08	3,250,127.10
Instalments of the Purchase Price of Land	114,999.88	154,675.09
Survey Expenses	10,625.80	9,573.80
Coupons	1,046,817.50	690,902.50
Unpaid Dividends	22,530 —	14,816 —
Half-Yearly Sinking Fund (*)	127,439.47	72,859.49
Various Government Securities in Pledge	267,500 —	300,500 —
Pledge Account	305,000 —	319,000 —
Caution Money and Various Securities	89,300 —	76,800 —
Deposits not Withdrawn	68,600 —	3,115,200 —
<i>Various Current Accounts</i>		
Rural Land Credit, Charges on Land Bought Lei 2,322,366.64		
Miscellaneous » 551,340.30		
	2,873,706.94	5,020,206.44
Miscellaneous Bills Rediscounted	1,372,200 —	1,329,000 —
Expenditure and Advances on account of Payments . .	2,211.94	—
Rediscount for the next Working Year	68,237.30	71,054.90
National Bank. Deposit Current Account	—	195,638.67
Profit and Loss	639,499.43	420,122.29
(*) and. Half Year.		
	68,368,063.13	56,236,524.97

§ 3. *Results of the Working Year 1911.*

The total business done, which was 56,276,535 leis on December 31st., 1910, amounted to 65,368,063 leis on December 31st., 1911. Rural bonds have been issued to the amount of 19,741,000 leis, to serve to pay for the lands bought and to cover the loans to rural communes for the purchase of pasture lands. The price of these bonds has always been fairly high, varying from 97.50 % to 103 %. The share capital, which is 10 million leis, was entirely paid up in December 1911, with a final instalment of 1,000,000 leis. The price of the shares has risen to the unexpected amount of 1,220 leis. The rate of discount has remained invariable at 7 %. The net profits realised have permitted of the complete extinction of the debt on plant and equipment amounting to 41,183 leis; to increase the thrift and improvement fund by 97,083 leis and to give a dividend of 5 ½ %.

In the course of the year 14 estates were bought, of a total area of 18,459 hectares 47 ares.

The Rural Bank now possesses — in lots and allotted pasture land and forest — more than 42,000 hectares of land capable of subdivision, which will be allotted gradually as applications come in. At this moment the purchase of land of an area of 200,000 hectares is in treaty.

In addition to pasture land, the estates divided into lots and allotted in the course of the year were 14. The area is 3,751 ha. 29 a., including 90 ha. 17 a., large lots sold at auction. Altogether 856 new lots have been formed.

One hundred and thirteen communes have received loans for a total amount of 9,493,900 leis towards purchase of pasture land.

In conformity with the end it pursues the Rural Bank educates the farmers by every means within its power. Its scientific agriculturists supervise the cultivation of the holdings granted to the peasants. They accustom them to improvements in their system of cultivation, and induce them to cultivate more grain than formerly. For this purpose they provide them with sifted seed free from all cryptogamic disease; they familiarise them also with the employment of agricultural machinery, and for the purpose habituate them to form associations for purchase of such machinery as well as for renting land. The Bank has also organized agricultural shows, cattle shows, and, for the improvement of breeds, has undertaken the breeding of good bulls and boars.

It has further let out 11,449 ha. to associations for the total amount of 400,662 leis, or 35 leis per ha. Each farmer would on an average have 4.46 ha., 3.07 ha. of it being arable.

The farming associations have been provided with agricultural machinery of a total value of 73,134 leis.

In the course of the year 1911, the peasants belonging to the Rural Bank insured their crops against hail for an amount of 1,277,607 leis, paying about 29,000 leis in premiums. Fire insurance premiums to the amount of 5,000 leis have been paid.

We shall end our article with a commentary on the various items of the balance sheet :

Capital of the Bank :

Share capital subscribed by Shareholders	Leis	10,000,000.—
The shareholders were called on to make final payments in the course of the year, 1911 to the amount of	2,500,000.—	
and with the payments up to December 31st., 1890 :	7,500,000.—	
to make up the total capital of	10,000,000.—	
Up to 31st. December, 1911 there had been paid by the State	5,000,000.—	
by private persons	4,857,525.—	9,857,525.—
On December 31st., 1911, there was still due	Leis	142,475.—

Government Bills :

With the portion of fully paid up share capital, Govern- ment bills were bought and deposited with the Na- tional Bank of Roumania for a total value of 1,146,000 leis, costing	Leis	1,086,692.20
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Rural Bonds at 5 % in circulation :

Amount of Rural Bonds in circulation on December 31st., 1910	Leis	30,924,700.—
Issued in the course of 1911 for estates bought	10,906,100.—	
For communal pasture land	8,835,000.—	19,741,100.—
Total, Leis		50,665,800.—

Withdrawn from circulation by means of drawings	Leis	176,300.—
Balance, December 31st., 1911	Leis	50,489,500.—
Of the total amount of rural bonds issued in 1911		19,741,100.—
These were delivered to sellers of estates and communal pasture land or entered to their account		10,857,800.—
Paid directly from the Bank to liberate estates bought and pasture land sold from charges burdening them		8,883,300.—
	Leis	19,741,100.—

Rural Bonds at 5 % drawn for by lot :

Balance on December 31st., 1910	Leis	91,900.—
Drawn at 4th. Drawing, April, 1911	72,800	
„ „ 5th. Drawing, October, 1911	103,500	
Total	Leis	268,200.—
Paid	Leis	127,100.—
Balance to pay, December 31st., 1911	Leis	141,100.—

Coupons :

Amount of coupons on December 31st., 1911	Leis	690,902.50
The value of the coupons on July 1st. was	1,081,827.50	
and the value of the coupons on January 1st., 1912 was	1,239,780.00	2,321,607.50
Total	Leis	3,012,520.00
In 1911 there was paid		1,965,692.50
Consequently, the Balance of Coupons to pay on Decem- ber 31st., 1911 was		1,046,817.50

Reserve Fund :

The regular reserve fund at the end of 1910 was	Leis	68,894.41
In 1911 there was an increase due to 30 % on the profits for 1911 deducted in accordance with the rules		126,036.69
Interest	Leis	5,724.70
So that the total on December 31st., 1911 was	Leis	200,655.80

Thrift and Improvement Fund:

The Balance on December 31st., 1910 was Leis 94,495.18

In 1911, the following additions were made :

Balance of net profits for 1910 9,884.38

Difference between purchase price and sale price of various
pieces of land and other profits 97,082.61

Total Leis 210,462.17

Expenses in the course of the year for bull and boar im-
provement, for orchard nurseries, gardens, horticultural
schools, etc., amounting to 64,255.35

The Balance on 31st. December, 1911 was 137,206.82

Pension Fund for the Employees of the Rural Bank :

Amount of Pension Fund at the end of 1910 Leis 16,059.10

Additions in the course of 1911 :

5 % stoppages from the salaries of the staff 10,261.00

Interest 2,023.85

1 % of net profits in 1910 4,201.22

Total, December 31st., 1911 Leis 32,545.18

The value of the estates bought was on December 31st., 1911 35,572,663.34

The Cost of Management of these estates, including in-
terest on the portion of the purchase price still due,
cost of inspection and organization of societies and emol-
uments of the managing staff, was at the end of 1911. 528,966.12

Under the head of *Sale* of estates the accounts closed De-
cember 31st., 1910 showed a balance of 3,250,127.10

In the course of 1911 the Rural Bank bought 14 estates of a
total area of 18,459 ha. 47 ares and a total value of . 13,256,991.93

so that the total amount was Leis 14,507,119.03

Under this head there had been paid 14,148,731.95

There remained to be paid on December 31st., 1911 only. Leis 358,387.08

Loans on Mortgage Granted on Lands bought by Peasants :

Loans were made to 1,584 peasants in 7,028 ha. of land for the total amount of	3,768,912.50
and there had been paid off by instalments	37,411.88

The Balance on December 31st., 1911 was Leis 3,731,500.62

Loans Granted to Communes on Pasture Land :

In the course of the years 1910 and 1911, loans had
beeng granted on 168 lots for pasture land for the
total amount of 15,914,600.—

In 1910, to 55 communes 6,420,700—

In 1911, to 113 „ 9,493,900—

There had been paid in instalments 45,690.20

So that the Balance on December 31st., 1911 was . . Leis 15,868,999.80

Total Business Done :

The Balance on December 31st., 1910 was 5,190.81

The Revenue in 1911 amounted to 29,489,759.08

Total . . . 29,494,949.89

Expenditure 29,279,372.88

So that the Balance on December 31st., 1911 was . . . 215,578.01

Investments :

The Investments of the Rural Bank, consisting of dis-
counted bills, rediscounted bills and loans in current
account, amounted at the end of 1911 to 5,678,749.15

Discounted Bills, balance December 31st., 1911 3,786,200 —

Rediscounted Bills, balance December 31st., 1911 1,372,200 —

So that the Loans in current account were 520,349.15

Total . . . 5,678,749.15

Discount and interest were both 7 %.

Profits :

Profits realised in 1911	1,150,604.16
Expenditure in the year	511,104.73
	<hr/>
Net Profit . . .	639,499.43

This amount was distributed as follows in accordance with the rules :

30 % to reserve fund	Leis 191,849.83
Dividend to Shareholders, 22 leis per share	
or 5½ %	440,000.—
1 % Employees' Pension Fund	6,394.99
Thrift and Improvement Fund	1,254.61
	<hr/>
	Leis 639,499.43

CREDIT

RUSSIA.

I. — CURRENT QUESTIONS.

Organization and Results of Rural Land Credit in Finland.

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§ I. General Conditions of Agriculture and their Importance for the Economy of the Country.

Finland lies between the 60th. and 70th. degrees North Latitude, and the 19th. and 31st. degrees East Longitude ; the country is therefore of very much more considerable length from North to South than from East to West. In consequence of this geographical position, the Southern dis-

stricts of the country offer conditions for agriculture essentially different from those of the North. Whilst the climate of the South of Finland permits of the development of agriculture on sufficiently scientific lines, the inhabitants of the higher latitudes are restricted to the most rudimentary form of it; barley is almost the only cereal crop that ripens regularly in these latitudes. At last, in the extreme North, beyond the 66th. parallel, all cultivation is impossible.

However, the soil and climate of Finland are much more favourable for agriculture than those of the majority of the countries, of the same latitude. In fact certain peculiarities of climate permit of regular cultivation at a latitude at which all agriculture is impossible in other countries, with the exception of Sweden and Norway. This relatively mild climate is principally due to the neighbourhood of the Gulf stream. Other causes also contribute to it: the geographical position of the land, — its shores washed by the Baltic Sea, and the Gulfs of Bothnia and Finland, — its average altitude very little above the level of these seas, protected also against the North wind by the high mountain chains of Lapland and with a general inclination towards the South, its wealth of deep lakes, etc., etc. The annual isotherm of 0° in the whole Northern hemisphere is generally found South of the 60th. degree of latitude, but, thanks to the causes we have just mentioned, even the Northernmost part of Finland is crossed by the isotherm of 5° . At the same latitude, the average annual temperature of Siberia is, on the shores of the Yenissei, — 3° , and in Kamtschatka — 4°C .

Thus, while, at the same latitude, in other countries there is ice and snow during the greater part of the year, Finland has the good fortune to possess a climate allowing not only of remunerative cultivation, but even of the application on a large scale of the agricultural methods in use in the most Southern countries of Europe. In other words, Finland lends itself to scientific agriculture in accordance with modern principles. But if the geographical conditions of Finland permit of agriculture and livestock improvement, it must not be forgotten that the difficulties the farmer has to overcome, in consequence of the climate, are very considerable and require very great energy and untiring patience on his part. Let us only mention here that the length of the average winter is more than six months. In the North of Finland it is even eight months (1).

The total area of the country is 373,604 sq. kms. Deducting the 40,464 sq. kms. covered by water, there remain 333,140 sq. kms. of land. From this we must again deduct the area of the land North of the 66th. degree, where, as we have seen, all agriculture is impossible. Thus, for agricultural

(1) Grotenfelt, G. *L'Agriculture en Finlande vers la fin du XIX siècle*. Helsingfors, 1900, pages 3-6.

purposes, the area of Finland is reduced to about 250,000 sq. kms, which in comparison with the population of the country — 3,059,324 inhabitants (1909), — is none the less considerable.

In Finland, where there are no large towns, most of the population inhabit the country. According to the official statistics collected in 1909, 85.26 %, and according to researches made by Professor H. Gebhard, 71.2% of the rural population are occupied in agriculture or occupations connected therewith. In 1911, there were 118,617 private landowners in the country and the total area of their estates amounted to 19,903,756 hectares, 2,750,630 hectares or 13.8% of which were cultivated.

77.1% of the holdings cultivated were farmed directly by their owners; the rest, 22.9%, were rented. With regard to area, the farms may be divided as follows:

1. Very small farms up to 3 ha.	3.4%
2. Small farms of from 3 to 10 ha.	15.8%
3. Average sized farms, of from 10 to 100 ha.	69.7%
4. Large farms of more than 100 ha.	11.1%
	100.0%

Although the land cultivated is a very small proportion of the total area of the country, the importance of agriculture for the economy of the land is evident and incontestable. But unhappily the want of capital is one of the most characteristic and most ancient features of Finnish Agriculture. Some scores of years ago, while the methods of very extensive farming were still in use, want of capital already hindered the progress of agriculture and, in our days, when agriculture has become more scientific and intensive, it is even more felt.

Evidently attempts have been made as far as possible to remedy these conditions and to organize the long term credit agriculture has need of. The institutions giving long term credit the organization and results produced by which we intend to examine in this article, are: "The Finland Mortgage Society", the State Treasury, most of the Savings banks, some pension societies and insurance societies.

Yet, before commencing our study of these organizations, we wish to give some brief information on the laws on transfer of real estate, and on the land registers and their organization.

§ 2. *Legislation on Transfer of Property and Organization of Land Registers.*

Since 1864, when there were still some restrictions as regards land belonging to the nobles, the Finlanders have enjoyed full liberty of buying or selling private landed property. It was only stipulated that each transfer

must be entered in the register of transfers. *Majorats* are very rare in Finland, and the law has never recognised the right of primogeniture.

Finland has no land books in the strictest sense of the term, that is systematised after the manner of the "Grundbücher" in Germany. In place of a single land book, several public registers are in use: two cadastral registers ("jordregister" and "jordebok"), and the special journals of the courts for registration of transfers ("lagfartsprotokoll") as well as for mortgage registration ("inteckningsprotokoll"). Both the cadastral registers contain information on the area and limits of the real estate, the nature of the land, the cadastral units, etc. One is kept by the authorities entrusted with the management of the cadastre, the other by the administrative authorities. The transfer registration journal gives information on the transfer of owner's rights, and that of the mortgage registration shows all the rights of third parties over real estate, as well as the amount of the mortgages burdening them and the order of the registration of these latter. These two last registers are special journals of the courts of first instance.

The system of mortgage inscriptions is now regulated by the Imperial Order of November 9th., 1868 with a few amendments of more recent date. It would require too much time to analyse the above Order in detail and we shall limit ourselves here to merely noting that the entries must be renewed every ten years, and that mortgages can only be registered twice in the year. This is because the courts of first instance sitting in the country only hold ordinary session twice a year, when registration can be made. Attempt has been made to remove this great inconvenience by means of a new bill drafted by the permanent law commission for the reform of Finnish procedure, considerably increasing the number of sessions of the courts.

§ 3. *Organization of the "Mortgage Society of Finland."*

In view of the great importance the "Mortgage Society of Finland" has had for Finnish agriculture, and its preponderant importance for the rural credit of the country, we wish to give a summary of its organization and the results of its work, whilst we shall limit ourselves to merely giving the principal details in relation to other institutions.

After a long period of inaction the economic life of Finland developed towards the end of 1850 and the beginning of 1860. The only financial institution of the country at that date was the "Bank of Finland". This was unable to satisfy the growing needs of the country. The development of agriculture absolutely requiring new and large amounts of capital, the

necessity of founding a special agricultural land credit institution was recognised.

On the 25th. May, 1859, the Order on the "General Conditions and Principles for the Mortgage Societies of Finland" was promulgated, and the landed proprietors being agreed on the necessity of the formation of a single mortgage society for the whole country, — the foundation of several had been considered — the first rules of the Mortgage Society of Finland were confirmed on October 24th., 1860 and next year the society began working.

The object of the Mortgage Society of Finland, the forms of its activity, as well as the collective liability of the shareholders appear at once in § 1 of the above rules, the tenor of which is as follows :

"Under the name of "Mortgage Society of Finland," a society of Finnish landholders has been founded, the object of which is to grant the shareholders — either by means of bills at interest, or directly, — loans on mortgage, on condition of their extinction within a fixed period, by means of annuities."

The collective liability is regulated so that, in case of need, the estates mortgaged may guarantee all the debts of the society, each in proportion to the mortgage upon it.

The management of the society is entrusted to a board elected by the shareholders. To supervise the management, the Imperial Society of Finland chooses a delegate, who has the right to assist at the meetings of the board and to make proposals, as well as at the meetings of the societies — in the same way he has the right to take stock of the contents of the safe, and to inspect the management of it, at any time, as well as to give the necessary advice. For loans to foreigners an authorisation from the Senate is necessary.

The value of a property to be mortgaged at first had to be at least 8,000 Finland marks, (1) then 6,000 marks ; to day it is 4,000 marks ; — the limit of the amount of the mortgage loan, for all estates, which formerly was at most half the value of the estate, has now been altered, so that for land of which the value is less than 8,000 marks, it is reduced to $\frac{1}{3}$ rd.

Loans are only granted on first mortgage, and the landowners must have full rights over the land. To prevent, as far as possible, mutual liability giving rise to extraordinary burdens for the borrowers, it was stipulated in a clause of the rules, so as to cover possible losses, that the reserve funds of the society must be at least 5% of the loans.

(1) 1 mark = 100 penni \approx 1 franc.

In 1909 the society accepted a new scheme of rules, which, however, has not yet been approved by the Government. We shall not examine this scheme here in detail ; it is based for the most part on the same principles as the first rules of the society. We shall only mention a new clause of great importance, that is to say, that every borrower, before receiving the loan requested, must pay a tax of nearly the same amount as the proportion of the loan to the reserve fund. Relative to the character of the work of the society, the new bill also introduces an important change, namely — that, with some exceptions, — forests are included in the value of the land which was not previously the case. However, it was impossible to go further and grant loans on woods in a larger degree, as the question of forest insurance in Finland has not yet been settled. In view of the large amount of capital represented by forests, it is however, to be hoped that the matter will soon be dealt with in a desirable way.

§ 4. *Work of the "Mortgage Society of Finland."*

The progress made by the "Mortgage Society of Finland" clearly appears from the following table :

Progress Made by the Mortgage Society of Finland from 1862 to 1910.

Years	Loans Granted in the Year		Amount Unpaid at End of the Year	Bonds placed in Finland	Bonds placed abroad	Total Amount of Bonds	Reserve Fund	Working Expenses
	Number	Original Amount						
1862	418	4,210,700	4,170,396	4,092,000	—	4,092,000	—	29,151
1865	437	4,350,600	14,745,666	9,581,700	9,480,305	19,062,005	44,669	59,281
1870	—	—	17,429,959	8,599,900	9,224,142	17,824,042	197,632	61,179
1875	18	1,032,300	16,614,166	7,076,500	8,904,465	16,880,995	—	65,689
1880	50	785,100	17,104,014	9,310,100	8,517,096	17,827,196	—	65,036
1885	149	2,430,300	19,343,557	51,200	20,841,120	20,892,320	187,683	71,165
1890	92	741,500	22,050,182	6,400	22,688,500	22,694,900	500,000	80,970
1895	293	2,306,200	27,916,350	5,602,800	23,765,000	29,367,800	615,782	91,705
1900	221	1,961,800	33,773,109	4,314,500	27,663,000	31,977,500	1,302,231	93,527
1905	306	5,035,800	46,094,725	13,964,500	28,646,000	42,610,500	2,187,907	112,115
1910	490	5,363,500	62,243,648	14,889,500	48,440,500	63,330,000	3,440,752	115,204

During the first twenty years of its work, the "Mortgage Society of Finland", had to overcome many difficulties; the most serious were due to Finland not having an independent monetary system; but these difficulties disappeared in 1865, in consequence of the reform which gave the country its own monetary system. Let us also note the bad harvests following each other for many years in succession. But since 1883 the Society has made constant progress as the figures we have just published show. In bad years the State subventions were also of valuable assistance. They amounted to 1,637,720 marks.

Since 1905 the bonds of the society placed abroad enjoy a state guarantee of 50 million marks.

The society has succeeded in placing the greater part of its bonds abroad. Of the total amount of bonds in circulation at the end of 1910, only a number for 14,889,000 were placed in Finland, where the largest purchaser is the State, whilst bonds for 48,440,500 marks were placed abroad. They were placed most advantageously in 1895. The society succeeded that year in placing $3\frac{1}{2}\%$ bonds at $98\frac{1}{2}$. Later the society had greater difficulty in placing its bonds; a loan of $4\frac{1}{2}\%$ that it issued in 1907 did not reach a higher price than $91\frac{3}{4}$. The difference between the conditions of sale of bonds also explains the differences between the instalments the society receives.

There are thus now four different classes.

	Instalments	Interest	Contribution towards working Expenses	Period for Extinction
A	5 $\frac{3}{4}\%$	4 $\frac{3}{4}\%$	$\frac{1}{4}\%$	41 years
B	5 $\frac{1}{4}\%$	4 $\frac{3}{4}\%$	$\frac{1}{4}\%$	57 "
C	5 $\frac{1}{4}\%$	4 $\frac{1}{4}\%$	$\frac{3}{8}\%$	46 "
D	5 $\frac{1}{2}\%$	4 $\frac{1}{2}\%$	$\frac{3}{8}\%$	47 "

The value of the estates mortgaged in security of the loans, amounting to 62,243,648 marks, granted by the society at the end of 1910, was estimated at 192,716,492 marks.

Distributed among the various classes mentioned above, the loans on December 31st., 1910, were as follows:

	Number of Loans	Original Amounts	Amount Unpaid
(A) Instalment of 5 $\frac{3}{4}\%$	1	4,200	173
(B) " " 5 $\frac{1}{4}\%$	1,048	7,475,100	4,985,708
(C) " " 5 $\frac{1}{4}\%$	5,017	50,676,000	45,405,833
(D) " " 5 $\frac{1}{2}\%$	960	11,970,300	11,851,933
Total . . .	7,026	70,125,600	62,243,647

We shall here give a table showing the distribution of loans according to amounts:

Distribution of Loans according to Amounts, December 31st., 1910 (in Finnish Marks).

Governments	Number	Less than 10,000 Marks	Number	From 10,000 to 25,000 Marks	Number	From 25,000 to 50,000 Marks	Number	From 50,000 to 100,000 Marks	Number	From 100,000 to 150,000 Marks	Number	From 150,000 to 200,000 Marks	Number	200,000 marks and more	Number	Total
Nylands	725	3,642,900	246	3,471,700	99	3,219,100	54	3,655,000	13	1,478,000	6	930,000	7	2,055,000	1,150	18,455,700
Åbo e Björneborg	395	2,265,000	306	4,490,900	108	3,530,500	45	2,886,500	11	1,331,000	4	641,000	1	200,000	870	15,345,900
Tavastehus	329	1,726,500	181	2,556,200	55	1,845,000	32	2,182,000	9	1,052,000	10	1,633,000	6	1,728,000	622	12,752,700
Viborg	466	1,691,900	44	589,700	23	786,000	10	705,000	4	473,800	1	195,000	—	—	548	4,441,400
St. Michael	606	2,208,200	74	1,053,300	27	867,000	14	837,000	2	227,500	1	160,000	—	—	744	5,350,000
Kuopio	492	1,666,300	46	655,900	5	160,000	1	50,000	—	—	—	—	—	—	544	2,812,200
Vasa	1,852	6,737,600	74	967,000	10	341,000	4	225,000	1	100,000	—	—	—	—	1,941	8,570,600
Uleåborg	603	2,227,100	21	290,000	3	80,000	—	—	—	—	—	—	—	—	627	2,597,100
	5,468	22,465,500	992	14,058,700	330	10,838,600	160	10,537,500	40	4,662,300	28	3,590,000	14	3,985,000	7,006	70,115,600

§ 5. *Savings Banks, State Treasury, Pension and Insurance Societies.*

We have already mentioned above that the long term credit, required in agriculture is also furnished by Savings Banks and out of certain State Funds as well as by Pension and Insurance Societies. We must also note that many private persons invest very large sums in mortgage of rural real estate.

Savings Banks. The Savings banks are of very great importance for land credit, in Finland, as generally in regions where small estates prevail. Their great advantage consists, as we know, in their dissemination throughout the country, which, on the one hand, places credit within easier reach of the small farmers and, thanks to the contact established between creditor and debtor, often permits of the valuation of the real estate being dispensed with or at least of its expense being considerably reduced. On the other hand, their disadvantages are known: they are not in a position to grant a credit without reservation of the right to denounce the contract, and foreclosure is much more frequent in their case than in that of true land credit institutions.

In Finland at the end of 1910 there were 375 savings banks, 328 of them in the country. Their foundation was sometimes due to private enterprise, sometimes to the initiative of the communal administrations. They are subject to Government control:

Out of their funds, 27,648,143 marks had been, by the 1st January, 1911, granted as loans on mortgage on rural real estate.

The rate of interest charged by the savings banks has been:

5%	in	1 bank
5½%	"	8 banks
5¾%	"	24 banks
6%	"	342 banks

Several of these banks when granting loans stipulate for repayment in instalments, but the conditions differ appreciably in the various banks.

State Treasury. Two funds administered by the State Treasury. "The Charity Asylum Fund" (Fattig og arbetshusfonden) and "The Military Hospital Fund" (Krigsmanshusfonden) provide the amounts for the long term loans on mortgage of rural real estate. The conditions on which loans are granted out of these funds, are determined by the decrees of the Imperial Senate of Finland of May 24th., 1884 and November 19th., 1889. Out of the "Charity Asylum Fund" loans are granted of a minimum of 1,500 and a maximum of 10,000 marks at 4 % interest. Besides

interest, the borrower must pay large instalments of the principal beginning with the 6th. year, so that the debt may be completely extinguished in 15 years. According to data supplied by the Treasury only 400,000 marks have been invested in such loans. Out of the "Military Hospital Fund" loans of from 2,000 to 40,000 marks are granted. The rate of interest is fixed at $4\frac{1}{2}\%$ and sinking fund at $1\frac{1}{2}\%$. In this way the loans are repaid in 32 years. The loans out of this fund amount to 8,300,000 marks (January 1st., 1912).

Pension Societies. Insurance Societies. Credit on land is also granted by pension and insurance societies, but, unfortunately, the former do not publish their balance sheets and the latter in theirs do not distinguish the mortgages on urban, from those on rural, real estate. But the amount invested by these institutions in rural loans is not very considerable. On the contrary, the loans granted by private persons attain a very high figure, but unfortunately we have no data with regard to them.

The *Credit Co-operative Societies* also supply capital for the requirements of agriculture. As these loans are rather granted upon personal security than on mortgage on real estate, we shall not examine them here and shall confine ourselves to mentioning that the amount of loans granted by the co-operative banks on the 1st. January, 1912 was 3,931,832 marks.

We may mention likewise that in 1909 the "Farmers' Bank" (*Landtmannabanken*) was founded for the purpose of supplying farmers with money. But this establishment only gives ordinary financial credit, though preferably to farmers.

Let us also add that the amount of short term loans on rural mortgages granted by the "Farmers' Bank" and other Finnish Banks amounted to 31,342,501 marks on the 1st. January, 1912.

§ 6. *Estimation of the Mortgage Debt.*

It is impossible to calculate precisely the mortgage debt on rural land in Finland. As we have just seen, we have no data for the amounts lent by the pension and insurance societies on mortgage of rural real estate. And besides these institutions, there are also other organizations and private persons, as we have just said, that invest funds in such mortgages. And the register of mortgages in the courts only shows us the maximum amount of the mortgage debt. It often happens in Finland that mortgages are registered guaranteeing loans not yet granted, and that mortgages paid off are not immediately cancelled in the registers. Several other special circumstances prevent the accurate estimation of the amounts lent.

After these observations, we shall however give a few details from the registers of the courts. In the decade 1900-1910 — we must remember that unrenewed mortgages are only valid for ten years — new mortgages have been registered for the amount of 667,975,770 marks.

In the same period mortgages have been renewed to the amount of 138,359,670 marks, and cancelled to the amount of 129,119,130 marks. Adding the difference between these amounts, namely 9,240,540 marks, to the above 667,975,770 marks, we have 677,216,310 marks, representing the maximum amount of mortgage debt on rural real estate in Finland. But we believe that this amount is very far in excess of the true mortgage debt.

The same may be said with regard to the mortgage debt on urban property, which, according to a similar calculation, amounted to 520,420,410 marks on January 1st., 1911.

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PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

GERMANY.

I. — CURRENT QUESTIONS.

The Economic Development of the German Colonies. (Continued).

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II. — SOUTHERN AFRICA

§ 1. The History of the Colony of South West Africa, with General Statistical Data.

Of all the colonies of the German Empire, that of South West Africa has the best chance of becoming a really German country. Placed in 1885 under a German protectorate, the colony has had a rapid economic development, the course of which was, though violently, only temporarily, checked by the serious rising of the native tribes.

When the colony, the *area* of which is 835,100 square kms. (or one and a half times that of the mother country) was acquired, it presented the appearance of a desert, inhabited by a very scattered nomadic population and did not promise a very brilliant future.

To-day, thanks to the persistent efforts of the nation, which has spent considerable sums in the pacification of the natives, and the opening up of a sufficient number of roads, and thanks to the heroic work of the colonists, determined to erect their beacons on this soil, apparently so little fertile, South West Africa has been opened to colonisation, and promises to acquire an importance comparable with that of the British South African colonies.

It is true that the *white population* of the colony consists at present of only 11,890 individuals, not counting 2,181 soldiers and officers, but it must not be forgotten that these regions can only support a rather limited number of persons.

Thus, the British colony, Rhodesia, has a white population of only 25,000 souls. On the other hand, the population increases very rapidly: the increase last year was 1,246 or more than 10 %. Of the total white population 10,197 were men and 3,765 women. According to nationality there were, in the first place, 11,140 Germans, then 1,594 Colonial British, 297 Austrians and Hungarians, 272 British, 148 Russians, 125 Italians, etc.

The adult male population consisting of 8,915 persons was composed on January 1st., 1911 of 881 Government employees, 2,072 soldiers on active service, 70 missionaries and monks, 1,390 planters, horticulturists, and farmers; 302 professional men, engineers and contractors, etc.; 2,572 artisans, labourers and miners, 1,035 commercial dealers, hotel-keepers, transport drivers, 56 sailors and fishermen, 18 doctors, 13 lawyers. The rest, 506 in number, belonged to other professions or were without any.

We see from this classification that every class was represented in the colony. As it is only recently founded, the military and Government employees preponderate, but its real character is given it by the farmers, stockbreeders and miners. The two chief departments of business are agriculture and mining.

The *native population* composed of Hereros, Damaras, Namaqua-Hottentots, Bushmen and half castes amounted to 81,785 on the 1st. of January, 1911, as compared with 68,923 in the preceding year. The large increase in these figures is explained, on the one hand, by a more accurate numbering of the Bushmen, and on the other, by the immigration of coloured labour. It is interesting to observe that the number of half castes has not increased. Although before the annexation of the Colony most of the natives were only engaged in hunting and pastoral pursuits, they have been able to adapt themselves to the changed conditions and render valuable service as agricultural labourers and miners. Whilst the Hereros,

Namaquas, Damaras, and half breeds provide the agricultural labour, it is especially the Ovampos who are employed in mining work and railway construction. The Ovampos are real season labourers and every year return home to cultivate their land.

The *climate* of the colony is rather suitable to the whites. In the districts near the sea at certain seasons there are fogs, but rain, in spite of the very humid atmosphere, is only an exceptional occurrence. The interior of the colony has the climate of high plateaux, and its mean temperature corresponds with that of Central and Southern Italy. In this inland plateau there are frosts in the nights of May, September and October. The rainfall increases as we approach the coast. Altogether, the climate, as we say, is suitable to Europeans.

Tropical diseases are not found here, with the exception perhaps of malaria, very serious cases of which occur in the North and less serious ones in the Centre and South. The other diseases met with are typhus, dysentery and small pox. However, there has been a diminution of these in recent years. In order to fight malaria, quinine and euquinine are supplied, to the whites at cost price and to the natives free, at the police stations. Another important reason for the improvement of the general health conditions is to be found in the use of water pipes for drinking water and in the canal works now being begun or improved in the chief centres of the colony, which will largely contribute to the decrease of disease. Among other diseases, we must mention scurvy, which chiefly attacks the coloured workmen in the diamond mines, and certain affections of the respiratory system. It is observed that the whites are much less subject to this latter class of disease than the natives, who owe their liability to it chiefly to their insanitary dwellings.

§ 2. General Administration.

The administration of the colony is partly in the hands of the Government and partly in that of the officers of the self-governing municipalities. This local self-government, ardently desired by the colonists, was established by decree of the Imperial Chancellor, recently promulgated. The white colonists now elect representatives to the municipal, district and colonial councils. The difficulties experienced in this local self-government, the advantages of which for the development of the country are incontestable, are due to the want of capital. The mayor's office is honorary, without salary, except in the municipality of Swakopmund.

The colonial police has a very important work to perform, on the one hand, in freeing the country of cattle thieves and, on the other, in superintending the diamond mines. Many schools have been founded to ensure a good education for the children of the colonists and of the natives

The law courts, to which an appreciable decrease of crime has been attributed on the strength of statistics, interest us here chiefly as keeping the land registers.

Besides provisional registers there are now permanent land registers in the colony. Whilst the former have only 579 leaves, the new land registers have 2,292, which shows the very satisfactory progress of this department of judicial administration. The burdens on land in these books are now shown as 10,281,324 mks. on 1,426 urban estates, or on an average 7,209 mks. per urban estate, whilst they are shown as 7,744,530 mks. on 866 rural estates, or 8,942 mks. per rural estate.

These land registers are based on the cadastre. The staff employed on the latter work consists of a director, 23 surveyors, a cadastral secretary, 16 clerks and 23 assistant surveyors. Last year the work of preparing the cadastral register was begun in the three districts of the colony: Windhoek, Hetmanskop and Omaruru. The work was continued throughout the year. The survey is so far advanced that, probably, towards the end of next year all the private farms will have been registered. In 1910-11, 502 farms had been reported, of an area of 4,105,000 ha. Besides these private farms, the office had also to prepare the cadastral report for several villages, as well as for the mines, to which a special book is devoted.

§ 3. *Agriculture from the General Point of View.*

As we have already said, the two most prevalent occupations in the country are, and will long continue to be, agriculture and mining. Of the 837,000 sq. kms. of which the area of the colony consists, 500,000 sq. kms., or an area equal to that of the German Empire, may be suitable for agriculture. In consequence of the climate and the nature of the soil, most of this land can only be used for pasturage.

Except in a few very limited areas, generally little suitable for habitation on account of malaria, agriculture properly so called can only be carried on by means of irrigation.

As livestock farming can only be carried on in a very extensive manner, owing to the drought and the great distance from centres of civilisation, stock breeding farms are necessarily much larger than, for example, in Europe. It is calculated that in the South West, every head of large cattle requires at least from 10 to 20 hectares for its grazing and every head of small on an average from 1 to 2 hectares. As the price of cattle is at present very high and as the purchase of stock for a farm necessitates an expenditure of from 20 to 25,000 marks, it is easy to under-

stand that small colonists, who are poor, cannot engage in this class of farming. Before establishing himself in South West Africa a man should have, in addition to technical knowledge, above all of livestock improvement, also a small sum in money. Only in this way can he assure his future. The greater part of the 107,609 sq. kms. sold or ceded as yet to colonists consists of stock farms, the average area of which is 5,000 hectares in the Centre and North and 10,000 hectares in the South of the colony. The animals chiefly bred are horned cattle and sheep as well as goats, though horses, mules and ostriches are also reared.

Small agricultural farms are met with especially at Klein-Windhoeck, Aris, Osana and other places, but the advantage of these is still very doubtful. The owners are generally colonists without much money, cultivating grain, fruit, tobacco or other plants on irrigated holdings of from about 6 to 8 hectares. For their domestic animals these colonists generally have grazing reserves in common of an area of from twenty to thirty thousand hectares.

The point of view the Government takes with regard to the colonisation movement was well expressed at the Colonial Congress of 1910 by the Count von Goetzen, former Governor of East Africa. He said: "The results of colonisation will be different according to the places selected, the capacity and opportunities of the colonist. It is then very easy to understand that the Government should observe a certain neutrality in the matter. It must be recognised that its policy, which consists in not granting subventions in money and giving no artificial encouragements to colonisation is fully justified. If it acted otherwise, the Government would certainly encourage useless elements, incapable of overcoming natural conditions, so refractory that they yield only to the most courageous, endowed with special energy and independence.

On the other hand, we may justly demand indirect and efficacious encouragement for colonists from the Administration. It indeed recognises the principle and acts on it by improving the means of communication, obtaining water for the colonists, preparing the cadastral report of the land cultivated, fighting contagious cattle diseases and organizing rural credit."

The plan on which the Government abstains from directly guiding the colonisation movement has been fully successful; and the colonists, with the help of their intelligence alone, have followed the course which seemed to them best. In spite of the serious interruption of the economic life of the colony between 1904 and 1907, by the native risings, and in spite of the heavy losses consequent upon it not yet entirely repaired, agricultural colonisation is progressing satisfactorily. An idea may be formed of this colonisation movement from the following figures, which show

the number of farms sold or leased by Government and the colonisation societies.

Years	Government		The companies		Total	
	sold	leased	sold	leased	sold	leased
	farms		farms		farms	
1908	169	17	12	16	181	33
1909	88	26	24	8	112	34
1910	104	42	12	14	116	56

On April 1st., 1911 there were 1,141 farms in the hands of private owners, 94 of them on lease. The minimum price of uncultivated land is in the North, 1.20 mks. the hectare, in the Centre 1 mk. and in the South 0.50 marks. Farms that have already been cultivated cost much more. For 60 of these farms sold in 1909 and 1910, the average price per hectare was 330 mks., and 7 small farms were sold at an average price of 2,611 marks. In order to permit the poorest colonists to make a home for themselves, the Government has introduced the system of *homesteads* or family property. These farms, the area of which may be 10 hectares and which are particularly fertile and fit for agriculture as well as horticulture, may be purchased at a price of from 50 to 100 mks.

In order to prevent farms being bought up and a monopoly being formed, the Government, has, on the one hand, fixed the maximum area a single person is authorized to buy, — generally, one person cannot acquire more than 20,000 hectares of Government land — and, on the other hand, it has lately limited the number of sales in favour of leases. The rent payable to Government is 5 % of the allotment price established by it. The lessee is besides dispensed from proving his possession of a certain sum of money as is insisted on in the case of purchasers of land belonging to the Treasury.

As to the *future* of the population of the *colony*, we may say with Rohrbach that it may easily increase five times, which will give 5,000 *farms* of the average area of the 1,000 now existing and will support a total of 60,000 Europeans. This is what may be expected from the colony as a country chiefly agricultural, preserving the extensive method of cultivation, recognised up to the present as the most suitable for it.

§ 4. *Methods of Cultivation.*

After our study of the general conditions of South West African Agriculture and the policy adopted with regard to it by the Government, it now remains for us to examine the products and the factors of production. With regard to the agricultural produce, we must distinguish between

animal and vegetable produce. In relation to the other and external factors, the important question of agricultural labour must be considered.

An idea of the extent to which livestock improvement is carried on may be formed from a consideration of the number of the various kinds of animals in the colony on April 1st., 1911. There were 144,445 head of horned cattle against 121,139 in 1910; 381,240 sheep bred for slaughter (against 343,989) and 32,209 bred for wool (against 29,201). The common goats were 384,986 (against 319,000) and there were 10,257 angora goats (against 8,095). There were also 12,683 horses (against 10,661), 4,326 mules (against 6,064), 5,668 asses (against 6,629), 847 camels (against 954), 642 ostriches (against 334), 7,761 pigs (against 5,208), 427 Karakul sheep and 1,114 Persian sheep. We see, consequently, that, except in the case of mules, asses and camels, the animals of every kind have considerably increased. With a view to improving the breeds, the Government grants rewards for imported breeding stock.

The principal basis of this animal production is the improvement of horned cattle. On their arrival, the colonists found in the country three native races: the Namaqua or Hottentot cows, the Damara or Herero cows and the Ovampo cows. These three races consisted of animals of small weight, standing the climate well, and requiring very little food or drink. Recently the farmers have begun crossing these native breeds with the Simmenthal, Friesland, Pinzgau, Aargau, Shorthorn races and with cattle from the Cape of Good Hope. The object of this crossing is to preserve the qualities of the native races, especially resistance to the climate and moderate need of nourishment, while giving them greater value as meat and milk producers. Except for the supervision of their crossing, his herds occasion the African farmer small anxiety and little expense. Stalls are unnecessary, since the cattle are all the year, day and night, in the open. The cultivation of cattle foods is unnecessary, since nature itself provides abundant grazing. The only expense the colonist has to bear is for the distribution of water pipes, sinking of wells and the wages of the native herdsmen. The colonist finds excellent servants among the Kafirs and Hereros, both as herds and milkers. At present, the best thing the colonist in South West Africa can do is to invest his money in herds of cows, and not sell his cattle, but content himself, where the means of communication are sufficient, with producing milk, butter and cheese. It is calculated that in South West Africa investment of money in cattle brings in by the mere increase of the stock, without consideration of the dairy produce, 30 % per ann. Even if the livestock improver is always threatened by cattle disease, such as cattle plague, and *East Coast Fever*, it is easy to understand that the breeding of cows continues to be the favourite occupation of the colonists. It is only in order not to leave a single stone unturned that they are now undertaking, in addition to the improvement of cows

also that of smaller cattle : sheep bred for wool, and for slaughter and goats. The colonists showed great interest in the rearing of sheep for wool, but diseases, high purchase prices, and the cost of the installation of sheep-folds, as well as the want of suitable employees have driven them towards the rearing of sheep for slaughter and goats. The sheep bred for slaughter are of the native "fat-tailed" breed or are derived from crossing this breed with Karakul sheep. These two breeds stand the climate better and are less difficult to feed than the wool bearing sheep. They multiply rapidly ; it is calculated that flocks of sheep left to themselves double their number every year. With a view to crossing with the native sheep, 15 Karakul rams were brought last year from the Fürstenwalde sheep-fold in Germany, so that the colonial Karakul fold, which provides farmers with breeding stock, had on April 1st., 1911, 64 thoroughbred rams and 150 thoroughbred ewes. There are in the colony 1,000 halfbred sheep.

Pig improvement has progressed satisfactorily since it has been recognised that rearing in freedom, in grazing grounds, is impossible and since a methodical system of crossing has been adopted. Pigs are now bred in partly roofed pens where they are fed on milk, buttermilk and artificial foods.

Horse improvement, again, except in the Southern districts, has made considerable progress. In 1911, the number of stallions in the colony was 64, that of mares 899 and that of foals 729. Good thoroughbred horses have been imported and the Government itself manages a livestock improvement station at Naucha ; it has also established 33 studs in the country. The Naucha stud had altogether 401 horses. The private establishments that own excellent horses and are encouraged by Government are still without any precise aim in their horse improvement. The reason is that the country has no native horses and experiments in crossing have to be made in order to find what breeds are best suited to its requirements. An obstacle, not without its importance for horse improvement, is the high price of forage, and another is the difficulty in finding employees. The Kafirs and Hereros, though excellent cattle herds are quite incompetent to deal with horses. The Hottentots serve a little better for the purpose. On account of the high price of forage, the farmers are now devoting themselves to mule improvement, as mules only consume the fourth of the forage and seeds that horses require, live longer and stand the climate better.

Ostrich-breeding, which is very widespread in British South Africa, is beginning to extend itself in the South West. The industry will do well in the country, if we may judge by the numerous flocks of wild ostriches. In the district of Swakopmund, the Hamburg firm Hagenbeck, has attempted breeding on a large scale. The Government has installed a model farm at Otsituesu for the rearing of ostriches, the expenses being

covered by a public lottery. Finally, private persons are now establishing several of these farms in the Windhoek district. What militates seriously against this class of livestock improvement is the enormous cost of the ostriches, 1,000 marks each, as well as of the irrigation of the lucern fields for their feeding. With a view to encouraging the industry, in certain cases, the Government gives free permits to capture young wild birds. Thus, in the Windhoek district, 90 young ostriches were taken from their nests, but, owing to inexpert rearing, only two thirds of the birds lived.

In vegetable production, or agriculture properly so-called, the part played by the colony is far more modest than in that of livestock. However, agriculture and horticulture have made progress in recent years and in the district of Windhoek alone, for example, more than a thousand hectares have been cleared. The system of *dry-farming* is tending to become more and more general, and it is hoped that it will considerably assist the development of agriculture. Among the plants cultivated in the colony the most important are maize and potatoes, and then tobacco and lucerne. The two latter have always need of artificial irrigation. In the South of the Colony, on the contrary, agriculture is only making very slow progress. Generally only fruits and plants necessary for domestic consumption are grown. Last year a few *farmers* undertook the cultivation of maize, potatoes, lucerne and tobacco on a large scale.

At Stampries, on the borders of the Kalahari desert, where irrigation is facilitated by artesian wells, 80 hectares of land have been brought under cultivation, and have yielded 120 quintals of wheat, 100 quintals of maize, 200 quintals of potatoes, as well as a large quantity of vegetables and tobacco. In the district of Warmbad a single colonist sold tobacco for the amount of 10,000 mks.

The progress of small farms continues satisfactory. At Osoma tobacco is being more and more cultivated and 5 sheds have been built for its dessiccation. At Bethany rich crops of tropical fruit, vegetables, potatoes and maize are obtained. The vintage there is abundant, and the sale of the produce easy in localities along the railway line.

Generally, viticulture thrives in the colony. Fruit trees of every kind are still imported with Government assistance and subventions. Yet, it is still difficult to foresee the results of fruit cultivation in the colony. At Klein-Windhoek, Government has started a fruit tree nursery. Tobacco cultivation, which gives a good mixed yield, is considerably advancing. Attempt has also been made, without great success, to cultivate tobacco for cigars and cigarettes.

The Government has given a good deal of attention to forestry. It has founded 7 nursery gardens, where principally casuarina, eucalyptus, prosopis and pepper trees and date palms are reared. In 1910-1911 it sold more than 20,000 young trees cheap to private persons. A large number

of these shrubberies have also been planted on Government land. Towards the end of 1910 these were in the Ukuib nursery 5,300 young date palms in an area of 19.2 hectares.

After having seen what agriculture produces in the colony we must now consider the principal agent at the service of the colonist and livestock improver, that is *rural labour* of which we have already said something when speaking of the improvement of domestic animals. The only labourer the colonist can and will be able to have is the native of the colony, whether Kafir, Hottentot or Bushman. The white will long avoid offering his labour for agriculture, first because he disdains to work on a level with coloured men, and then because he has a better chances of success open to him as metayer, commercial dealer, industrial labourer or miner. As it is feared to authorize the immigration of oriental coolies, the policy of the colony must, in future, either be directed to preserving and preparing for labour the 60,000 natives available for colonial agriculture or import others from the German colonies as, for example, from the Cameroons.

§ 5. *Measures and Institutions for the Encouragement of Agriculture.*

These measures and institutions may have an economic or a technical character. Among economic measures we must first of all note the efforts made to procure cheap credit for the colonists and to induce them to associate for certain work under the form of co-operative associations. We shall only deal here with the fundamental principles of rural credit in South West Africa ; it will be the subject of a special article we shall shortly publish. Up to the present, there is no rural credit organization in the colony. The farmers who wish to have recourse to credit must apply to private persons, commercial dealers and banks.

Most of these capitalists ask from 8 to 10 % interest, a rate which is not too high for them when the risks they run are considered, but is, on the other hand, too high for the farmer. We saw above that on January 1st., 1910, the 1,047 farms of the colony were burdened with debts for almost 8 million marks. However, of this amount, 2,668,839 represented sums due on the purchase price of farms and 1,874,953 marks, colonisation subventions. The real mortgages were only about 750,000 mks.

It is evident that an advantageous credit, that is, at a low rate of interest, would greatly help the agricultural development of the colony. The only difficulty which presents itself is the want of a guarantee to be given to the creditor. The sole guarantee is the borrower's personal security or money given in pledge, his personal estate (often his flocks) and lastly his real estate. In the last case, it must be considered that, in spite of the favourable preliminary conditions for mortgage credit, such as the exist-

ence of a cadastre and land register, the land has only real value after the erection of buildings, sinking of wells, clearing and farming for several years. In the beginning, and just when the colonist has most need of credit, his land cannot be of use to him for the purpose. The consequence is, — and it has been recognised by the Permanent Economic Committee of Colonial Administration —, that for the moment there is no basis for real land credit in the colony and that it must be substituted by improvement credit, the amount to correspond to the value of the improvements themselves. It is the general opinion that a distinction must be made between large improvement credit for irrigation works, extinguishable in instalments spread over a long period, and small improvement credit. Any other credit than this must be granted as personal credit. It has been proposed to found large co-operative societies both for credit for improvements and for credit for farming, which, on the one hand, would give the best security now possible, and would be in a better position than any other organisation to supervise the use made of the moneys advanced. Co-operative credit for farming is already given by the co-operative bank of Windhoek, which, in the three years of its existence, has assumed an important position with regard to the economic life of the colony. The short term credits applied for from it were so numerous in 1910-1911 that the credit the Bank itself receives from the Imperial Bank of the Darmstadt Co-operative Societies had to be increased. Although the official rate of interest has remained, as in the preceding year, 8 %, it has been able, thanks to the increasing amount of its business, to reduce its commission charges. The number of members increased in 1910-1911 from 119 to 125, which represents a total guarantee of 625,000 marks. The turnover of the rural bank of Gibeon has slightly decreased. Among other co-operative societies, the moral influence of which on the agricultural class has been very appreciable, we must mention chiefly the Windhoek co-operative society for purchase and sale. This society bought land at Windhoek, on which it erected a building, costing 280,000 mks., containing, besides private lodgings, a pork butchery, cellars and refrigerating chambers. In 1910-1911, it paid the farmers 301,330 mks. for their produce against 241,495 the previous year. Except for pigs, 54 of which were imported from the Cape Colony, the animals for slaughter came from the neighbourhood of Windhoek itself. The number of pigs raised in the colony having increased, we may expect the importation to be discontinued in the future. The price paid for the pigs was from 1.20 to 1.60 mks. per kg. of live meat. In 1910-1911 the farmers supplied 3,500 more kgs. of butter than the year before, and received 4.04 mks per kg., instead of 3.24 mks. The number of eggs supplied diminished by 5,000 as compared with the previous year, whilst their selling price rose from 22 to 27 pfennigs each. The society sold 393 (against 315) quintals of potatoes,

maize and tobacco, pork and other meat for 284,785 mks., butter for 67,190 marks, eggs for 6,755 mks. and so on. In 1910-1911 it slaughtered 324 calves, 673 oxen and cows, 2,596 sheep and goats, and 510 pigs. The number of its members was 52. As the net profits had been 11,896 mks., a dividend of 6 % was paid on the paid up shares and the rest was placed to the reserve fund. The work of most of the South African co-operative societies has been equally successful, except only that of the Amaruru society for purchase and sale which, in July 1911, was declared bankrupt.

Among *measures of technical character* taken with a view to encourage colonial agriculture, the most important perhaps is the sinking of wells. On this work the Government employs special gangs of labourers.

Thus the gang employed in the North, in 1910-1911 undertook 94 borings (against 73 the previous year) of an average depth of 37.4 metres; 57 of these wells, that is 70.1 %, contained water, but only 46, or 57.5 %; enough for the purposes for which they were intended. The gang employed in the South effected 43 borings of an average depth of 50.6 metres, of which 32 or 74.4 % reached water, and 27 or 62.8 % could be used as wells. Of these 137 boring operations, 22 were undertaken by the Government and 115 by private persons.

The State has transferred one of its gangs to a private company, which used it for sinking 7 wells, 3 of which were of practical utility. In order to encourage private enterprise in this work, Government lent, as often as it was possible, its own boring machinery. With funds provided by a public lottery, it has also engaged an hydraulic engineer, who travels through the country and teaches the farmers how to sink wells and build reservoirs.

As the need of water is felt more and more keenly, the amounts assigned to this work by the administration were shown on the estimates for 1912 at 900,000 mks. against 556,000 mks. in 1911.

The other measures adopted in behalf of agriculture consist in combating contagious cattle diseases. Without entering here into details of the organised and incessant struggle against these worst enemies of agriculture in the colony we shall mention that in 1910-1911, 6 Government veterinary surgeons were at work at Gamans, Grootfontein, Karibib, Windhoek, Gibeon and Keetmanshoop. In 1910, the director of the veterinary section of the Imperial Hygiene Bureau, Prof. Ostertag, made a journey of inspection across the country so as to obtain an idea of the means for improving the veterinary service. The result was that an office has been founded for a reporter on veterinary matters to the Government and an expert in livestock improvement has been appointed. Lastly the number of veterinary surgeons has been increased to 14.

Among the private undertakings for the encouragement of agriculture in the colony we shall mention that of the Liebig Company, and the purchase of some farms on the part of H. I. M. William II

The celebrated Liebig Company, which exports extracts of beef to every country of the world, and has its principal establishments in South America, has founded a preserved meat factory at Johann-Albrechtshöhe and has bought large tracts of land on the Komas-plateau between Windhoek and Okahandja, which it has stocked with horned cattle. As soon as it itself or the farmers of Hereroland are in a position to produce 20,000 oxen annually at 80 marks a piece, which will soon be the case, it will begin work and will provide the African farmers with a permanent market for their produce, which at present they have not. The manufacture of preserved meat is the sole process by which the largest volume of meat can be reduced to a minimum and the produce carried to enormous distances without too great expense to the producer. Besides the manufacture of preserved meat and especially of meat extract forms also the only means of completely utilising the flesh of the animals of the steppes, which, on account of their leanness, cannot compete with the fattened cattle of the mother-land.

The purchase by the Emperor of the Dickdorn and Rosis estates for sheep improvement has contributed to the encouragement of that industry by the institution of model improvement farms, and by giving greater importance to the production already organised by the wool bearing sheep improvement syndicate. It must be hoped that, thanks to this Syndicate, to the Emperor, and to the South West African sheep Improvement Society, the production and exportation of wool, which now is not very advanced, will increase in a very appreciable measure.

§ 6. *Industry and Commerce.*

Among the industries of the colony we must mention in the first place that of the mines, the principal produce of which are diamonds, copper, tin and marble. The mining industry affects agriculture in two ways. On the one hand, it deprives it in some measure, of the native labour, an evil which however is not very appreciable, as it is rather the immigrant Ovampos who work in the mines, while the native Hereros, Kafirs and Hottentots prefer agricultural work, and, on the other hand, what is more important, the mining hands constitute a market for the agricultural produce. Among other industries which may directly or indirectly affect agriculture, let us note the installation of a tannery in the district of Bethany, the building of limekilns in the districts of Anaruru and Sandverhaar and several breweries and distilleries, lastly an icefactory and a central electric station.

As to the trade of the colony, the total figures in 1910-1911 were 79,035,652 mks. (against 56,784,352 mks. in the previous year), of which 44,344,281 mks (34,713,448 mks) were for imports and 34,691,371 mks. (22,070,904 mks) for exports. First among the articles exported come diamonds, about 15.5 million marks. A remarkable fact is the increase in the export of wool from 27,736 kgs. to 84,627 kgs., representing a value of 50,443 mks. The export of cattle has decreased by 46,289 mks. owing to diseases decimating the herds. With regard to the imports, it is observed that the value of potatoes imported has decreased by 33,846 mks, as the cultivation is now undertaken in the colony. Let us also observe the increase of 316,402 marks in the value of agricultural machinery and implements.

§ 7. *Public Works.*

Agriculture and the general evolution of the colony have received a strong impulse from the improvement of the means of communication, above all from the making of the Swakopmund quay, where an iron bridge is now being substituted for the wooden one, and the construction of new railway lines. There are now five railways of a total length of 1,604 kms. and soon a sixth (North-South) will be completed, 530 kms. in length, about the half of which is already built.

Among the other public works of great importance we must mention the Windhoek aqueduct, which, in 1910-1911 supplied 104,926 cubic metres of water, and the Lüderitzbucht aqueduct, built in 1910, at a cost of 70,000 marks.

III. — THE COLONIES OF OCEANIA AND KIAU-CHAU.

There is comparatively little to be said of the colonies of Oceania and Kiau-Chau that can interest the farmer. New Guinea and a certain number of the islands of Micronesia do not yet, so to say, show any trace of civilisation, and Kiau-Chau, which is besides only leased for a period of 99 years, presents rather the character of a port and commercial town, than of an agricultural colony. It, however, cannot be denied, on the one hand, that the colonies of Oceania are assured of an agricultural future and that the measures taken by Government are of a kind to prepare the road, and, on the other hand, it is evident that at Kiau-Chau and in its neighbourhood, German, and even more Chinese, agriculture is making real progress.

If we include these regions in our study of the German colonies, it is rather to complete the same, by indicating their principal products

and their future possibilities, than in order to show the results already obtained. In our study of them, we shall proceed according to the system of the Monograph of the Colonial Office, and separately examine, (1st.) the old colony of New Guinea; (2nd.) the new part of New Guinea or the islands; (3rd.) Samoa, and (4th.) Kiau-Chau.

§ 1. *Old New Guinea.*

(Kaiser Wilhelmsland, Bismarck Archipelago and the Solomon Islands).

This German colony, the largest in the South Seas, has, with the German part of the island of New Guinea, and the islands of New Mecklenburg, New Pomerania, Buka and Bougainville, an area of 237,000 sq. km. It was acquired by the Empire in 1885. However, the Government ceded the sovereignty to the New Guinea Company from 1886 to 1899. On January 1st., 1911, the white *population* of the colony consisted of 748 individuals, of whom 578 were German.

Classifying the 509 adult males according to profession, we find in the first place 234 persons engaged in mission work, 118 farmers, 83 commercial dealers, 61 Government employees. The census of the native population has up to the present been only taken in a few regions.

The climate, which is pernicious near the coast, is healthier in the interior of the islands and above all in the mountains, of which there are a large number of a fair height. The health of the whites has been improved by the hygienic measures that have been adopted. Among the diseases afflicting the inhabitants we must mention malaria, beri-beri, small pox and dysentery.

The economic development of the country cannot be advanced as the colony is still in its infancy but nevertheless remarkable progress has been made.

The colony may become an excellent plantation country in which the cacao tree and the export of copra will hold the first place. In 1911 there were 20,844 hectares planted with cocoa palms, 2,414 with caoutchouc trees, and 418 with cacao trees. At Alexishafen, the Catholic Mission has attempted to utilise the marshy land for the cultivation of rice. Soon also the establishment of large sugarcane plantations will be commenced.

Bananas, maize and other vegetables are cultivated in the country and provide food for the labourers.

The agricultural labour is chiefly furnished by the natives. The number of native labourers in 1910-1911 was 10,984 as against 9,460 the preceding year.

With regard to the cultivation on which the natives are engaged, let us mention that, on the initiative of the Government, they have planted 32,000 palm trees. In order to discover what plants will best repay cultiv-

ation in the colony, an experimental farm has been founded near the capital, Rabaul, as well as a second station at a height of 455 metres.

The cattle belonging to the Europeans has considerably increased. On January 1st., 1911 there were in the European plantations, 1,866 oxen, (against 1,407 in 1910), 1,884 pigs (against 1,124) and 434 sheep (against 290). The sheep improvement station at Kaeviang and the horned cattle improvement Station at Kieta, both Government establishments, are making progress.

To improve the breeds of large and small cattle, 405 head of livestock have been imported. The only animals the natives possess are pigs and poultry. To improve the breed of pigs, however, many natives obtain thoroughbred boars.

As to forest exploitation, the country furnishes large quantities of guttapercha and caoutchouc which are collected by the natives. In 1910-1911, the Colonial Economic Committee sent 5 Malays to Kaiser Wilhelms land to teach the natives how to prepare guttapercha.

There are several mills for sawing forest wood, but solely for the requirements of the colony itself.

The commercial houses in the colony, on January 1st., 1911, numbered 141. They are all, with the exception of the New Guinea Company, in connection with farms. In the colony it is only the Chinese who occupy themselves exclusively with trade. But they are not independent dealers, but agents of the Europeans and are principally engaged in buying copra.

The total value of the imports in 1910 was 3,890,467 marks, against 2,665,942 mks. in 1909; that of the exports 3,622,540 marks against 2,458,844 mks. in 1909. Among the goods imported the first place is held by vegetables, then specie, alcoholic liquors, metals, metal goods, coal, boats and ships, meat, fish, pork, thread and cloths.

The exports are principally the produce of the forests and of the fields.

Copra holds the first place, 9,244 tons, representing the amount of 3,039,000 marks (8,654 tons of a value of 2,172,000 mks. in 1909). Then come birds of paradise (171,000 mks.), mother of pearl, "ivory" nuts and other nuts, cacao (855,000 mks.), sisal hemp (8,300 mks.), caoutchouc and gutta percha. The principal product was therefore copra, of which large quantities were sent to Germany (5,946 tons) as well as to Australia (3,239 tons) and it seems that the export will develop still further in the near future.

Among the *public works* carried out in the colony we must mention the foundation of large warehouses and the building of a kiln for drying copra, at Friedrich-Wilhelmshafen, both establishments belonging to the New Guinea Company.

The system of roads has also been completed and several bridges built.

§ 2. *The New Territories of New Guinea.*

These territories which include the East and West Carolines, with Palau, the Marianne and Marshall Islands, and are also called German Micronesia, are composed of thousands of islands stretching over a distance as great as from Stockholm to Naples or from Sardinia to Salonica; but in this area there are only 2,626 sq. kms. of land, with a population of 56,000 natives and 400 whites. Some of the islands of this archipelago are almost entirely uninhabited whilst others are very densely peopled.

The climate of these colonies although tropical and very rainy is comparatively healthy, even for Europeans.

The two principal articles produced in German Micronesia are copra and phosphates. Among others, the produce of the sea, salt fish (at Palau), dried meat, the skins of birds and, finally, tobacco and maize (in the Marianne Islands, are of less importance.

Generally copra is not produced on European plantations, but on the farms of the natives. The cocoa nut has two formidable enemies: insects and typhoons.

In the Marshall Islands, the natives under the direction of their chiefs have considerably increased their cocoa plantations.

With regard to the trade of these islands, the statistics distinguish between (1) the East Carolines, (2) the West Carolines, Palau and the Mariannes, (3) the Marshall Islands.

In the East Carolines the imports amounted in 1910-11 to 317,618 marks, against 382,355 mks. in 1909-10 and the exports to 211,262 marks against 146,484 the previous year.

Among the imports we find principally, vegetables, preserves, meat and fish, liquors, cloth, clothes and metals. Copra formed the chief article of export.

In the Western Carolines, Palau and the Mariannes, the total trade (imports and exports) appeared in 1910-11 as 2,193,289 mks, as against 2,308,276 mks in 1909-1910.

The principal imports, amounting in 1910-11 to 739,998 marks were articles of consumption, building material, cloth and clothes, liquors and metal for boats, whilst the principal exports (total exportation 1,453,291 mks) were phosphates, copra and shells.

Lastly, in the Marshall Islands, the total exports were in 1910, 9,377,831 mks. against 5,217,418 mks in 1909 and the total imports were 1,296,958 marks against 1,610,238 mks, the year before. Among the imports, articles of food come first, with metal goods and cloth. The exports included phosphates and copra. We see that after the phosphates, the exports of all these islands are essentially products of the cocoa palm.

§ 3. *Samoa.*

On the 14th. November, 1899 the German Empire acquired this pearl of the Southern Seas including the islands Upolu and Savaii, whilst the other islands, Tutuila and Manua, were left to the United States. After Kiau-Chau, German Samoa is the smallest German Colony. Its area is only 2,588 sq. kms. and its population on January 1st., 1911 included 491 Europeans (370 men and 121 women), against 473 in 1910, 1,009 half castes (1,003 in 1910), 1,353 Chinese (1,353 also in 1910) and 854 (830) Melanesian labourers. As to the native population, the last census was taken on October 1st., 1906 and there were 10,120 men, 9,563 women, 7,028 boys and 6,767 girls, altogether 33,478 persons.

Both the islands are volcanic. They have small streams which, however, do not entirely satisfy the need of the inhabitants for water. The climate is oceanic. Rain is abundant, but, altogether, the climate is very favourable both to natives and Europeans. The vegetation is splendid and abundant. There is a certain obstacle to agriculture in the large number of stones by which the ground is covered ; but when freed of these it scarcely requires working. The statistics of the colonial plantations show 135 holdings of more than one hectare. The native plantations are under Government control, exercised by special inspectors.

The principal agricultural product of Samoa is, as in the other Oceanic islands, copra. Of the 8,800 tons exported in 1910-11, 6,200 tons were produced by natives and 2,600 by whites. Although the export was 72 tons less than in the previous year, its value was increased by 400,000 marks, owing partly to better prices and partly to the good quality assured by the supervision of the plantations. The product second in importance is cacao, of which 504 tons were exported against 386 the previous year. This crop has suffered from a disease of the bark of the cacao-tree, which it was difficult to fight, owing to the deficient supply of labour. The area of the caoutchouc plantations has not increased. In 1910, the "Saluafata Caoutchouc Company," for the first time collected caoutchouc from 1,500 five year old *hevea* plants. The yield was 111 kgs. and the quality appeared to be good. In the case of the *haweia*, the yield has decreased from 16.3 to 2.8 tons. The tobacco plantations produced little. Coffee produced in Samoa has generally been consumed in the colony itself.

The Government has appointed a special commission to study the means of contending against plant diseases on the plantations of the whites. In respect to the native plantations a similar duty has been imposed on the communal administrations. To encourage horse improvement, the

Government has imported a stallion. The number of horned cattle has increased from 5,160 to 5,456.

With regard to the trade of Samoa, the amount of imports has increased from 3,337,629 mks. to 3,462,347 mks. and that of exports from 3,021,379 mks. to 3,533,760 mks. Whilst the imports included food stuffs, cloth, wood, metal goods, machinery, etc., the exports were purely agricultural. 9,142 tons of copra were exported for 2,971,276 mks; 504.6 tons of cacao for 555,060 mks; 254 kgs. of coffee for 305 mks; 2,800 kgs. of *kawa* root for 5,600 mks., and finally 25,320 cocoa nuts for 1,519 mks.

These products are exported more and more to Germany itself.

With regard to public works the roads and the harbour have been improved and completed, and at Savaii reservoirs have been dug to hold drinking water.

§ 4. *Kiau-Chau.*

This territory, which became a German possession on March 6th., 1898, has an area of 551.7 sq. kms., and 162,761 inhabitants. 1,521 of these, not to count the garrison of 2,278 soldiers, are white and 1,513 are Germans.

The greater part of the territory is covered with mountains. Besides the important city of Tsing-Tau, there are 300 Chinese villages, the inhabitants of which live largely by agriculture, whilst the white population gives itself preferably to trade, industry, and mining and takes occupation under the Government, etc. Thanks to the excellent port of Tsing-Tau, the *trade of the colony* has assumed considerable importance. The total amount of imports and exports in 1910-1911 was 138.8 million marks against 1,286 million in the previous year.

The articles imported from Germany amounted to 19 million mks. (needles, cement, aniline dyes and artificial indigo).

The exports consisted chiefly of the produce of agriculture and native industry, such as straw mats (14.4 million marks), pistachio nuts (11.4 millions), pistachio nut oil (4 million), Shantung pongees (5.6 million), yellow silk (4.4 million), unbleached cotton (3.6 million) and bean oil (3.6 million). The greater part of these exports are produced in Shantung and other Chinese provinces. A comparatively small part is supplied by the colony of Kiau-Chau itself. We must, however, mention them to show the character of the agriculture of these regions. The German Government has done its best to encourage the *native agriculture* of Kiau-Chau, and its efforts have been faithfully seconded by the Chinese peasants and authorities. Thus, the Government has tried to acclimatise potatoes, sugar beets, cotton and Siberian hemp. It has done a good deal to improve the roads, and recently has obtained 20 teachers for 33 villages,

who have instructed about 1,1000 Chinese children in the manufacture of straw matting.

The German Chinese University of Kiau-Chau (founded in 1909), to which there was added in 1910-11 a special agricultural and forestry division, and which is now attended by 10 students, is also of great importance for the agricultural instruction of the Chinese. Important experiments in forestry have been made at Kiau-Chau.

In 1905-1906 the area reafforested by the Government was 90 hectares, to which 28 hectares were added in 1906-1907, as well as 4 more in 1908-1909. The forestry administration in 1909 granted 1,029 full grown forest trees, 42,375 half grown and small trees, 584 conifers and 3,900,200 forest plants to administrations and private persons. The applications for acacias at that date were so numerous that all could not be granted.

The Government has also obliged the Chinese villages to plant their moors with trees, so that the hills of Tsing-tau are now covered with forests and the Lauschan mountain is being more and more reafforested. These measures have, on the one hand, served to improve the atmospheric conditions of the colony and, on the other, to render it, from several points of view, more hospitable to European colonists.

II. — RECENT NEWS.

A New Law in the Principality of Schwarzburg-Sondershausen against Subdivision of Land. — The Principality of Schwarzburg-Sondershausen has taken its place among those German States that desire to oppose the subdivision of agricultural land to its detriment. Although there is a law in the Principality dating from 1888 which requires the previous consent of the Provincial Governor before estates can be subdivided, this is now considered insufficient and after a study of the laws of the other States that have anticipated it in this matter, the Principality has decided henceforth to make authorization subject to the following conditions (1) the payment of a fixed tax; (2) the submission of the application to the authorities; (3) right of retrocession; and (4) right of pre-emption for the commune and rural bank.

In terms of the new law authorization can only be refused if the subdivision necessarily injures the interest of the parties or is disadvantageous for the public economy. The sale of a portion of land by a landholder, without recourse to a professional agent is not an act of subdivision in the sense of the law.

The amount of the tax to be paid to the State, in the case of true subdivision depends, on the value of the estate to be subdivided, and may not exceed the maximum of 10,000 marks. In addition, the communes are authorized to impose a supplementary sub-division tax, not to exceed 50 % of the State tax. Payment of the tax may be under certain circumstances, deferred, if the debtor deposits security; it may also eventually be paid in instalments. All interested parties become, jointly and severally, debtors of the State.

The right of pre-emption granted to the Commune or to the Rural Bank, which, up to the present, has been the usage only in Bavaria, in the Principality of Schwarzburg-Sondershausen applies in the case of all land utilised for agriculture or forest-cultivation and sold through the medium of professional agents. This right, which further applies to all the dependencies of the estate, must be exercised before the cantonal judge within fifteen days.

The object of the law is not to oppose inevitable rural business, but such transactions as are anti-economic and disastrous for the good working of the farms, transactions that end with the enrichment of the dealer alone, to the detriment of agriculture.

(Summarised from A. SCHULZE: Ein neues Gesetz gegen Güterschlächtereien (*A New Law against Subdivision of Land*) in "Das Land" no. 20 of July 15th., 1912).

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

CURRENT QUESTIONS.

**Agricultural Co-operation in Germany according
to the Most Recent Statistical Returns
of the National Federation of German Co-operative Societies.**

Sources:

Jahrbuch des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften für 1911 (*Yearbook of the National Federation of German Agricultural Co-operative Societies for 1911*). Darmstadt, 1912.

Jahresbericht des Generalanwalts des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften für 1911-12 (*Annual Report of the General Manager of the National Federation of German Agricultural Co-operative Societies for 1911-12*). Darmstadt, 1912.

The chief statistical publications concerned with agricultural co-operation in Germany are those of the Central Bank of Prussian Co-operative Societies and those of the National Federation of German Agricultural Co-operative Societies at Darmstadt. The statistics established by the first in virtue of an agreement between the competent services of the principal States of the Empire and published every year under the title of "*Mitteilungen zur deutschen Genossenschaftsstatistik*," are official. They concern both urban and rural co-operative societies. But as they are almost exclusively based on the communications of the courts which have to keep the registers of the co-operative societies, they only show a part of the data necessary for an idea of the importance of the co-operative movement. They are chiefly concerned with all that relates to the formation of co-operative societies (number, object, shares, liability, mem-

bers, etc.). With regard to the work of the societies they give only a little information reproduced from private statistical tables prepared by the federations of the co-operative societies. The proposal for a general system of statistics, presented in 1905 by Prof. Petersilie, Manager of the Statistical Office of the Central Bank of Prussia, published in the "Mitteilungen zur deutschen Genossenschaftsstatistik für 1909," has not yet led to anything.

Now, however useful the data collected by the official statistical department, it is precisely the economic work of co-operation it is most important to know. It is this above all with which the tables prepared by the National Federation of German Agricultural Co-operative Societies are concerned.

This Federation is the real centre of agricultural co-operation in Germany, for, according to the report presented on July 11th., 1912 at the Congress of German Agricultural Co-operative Societies at Dresden, it groups 20,435 societies, or 78.5 % of the total number existing, according to its statement, in Germany on June 1st., 1912. Besides it there are some other federations of agricultural co-operative societies, but they only unite 13.5 % of the societies. 8 % are not affiliated to any federation.

The National Federation has just published its most recent statistics in the two publications the names of which appear at the head of this article. This is the most recent information we have on agricultural co-operation in Germany. The official figures in the "Mitteilungen zur deutschen Genossenschaftsstatistik für 1910," also just published, only refer to January 1st., 1910, whilst some of those of the National Federation refer to June 1st., 1912. This is another reason for our using the information supplied by this latter, in order to give an idea of the diffusion and activity of the agricultural co-operative societies in Germany.

According to the report for the year 1911-12, there were in Germany on June 1st., 1912, 26,026 agricultural co-operative societies. This figure represents about 79 % of the total number registered. But we must keep in mind that the average number of members in rural societies is much less than in urban. Whilst in the country most of the societies have less than 100 members, in the towns those with more than 100 members form the great majority.

The total number of members in these 26,026 societies is calculated at 2,430,000. This is certainly in excess of the real number of farmers who belong to co-operative societies, for those belonging to more than one society at the same time are counted more than once. It shows, however, that agricultural co-operation is already very widely spread in Germany, although there is still room for additional progress in the matter.

The following table gives the number of agricultural co-operative societies in Germany at different dates :

Co-operative Societies.

Date	Co-operative Societies				Total
	Loan and Savings	Purchase	Dairy	Miscellaneous	
July 1st., 1890	1,729	537	639	101	3,006
" " 1895	4,872	869	1,222	207	7,170
" " 1900	9,793	1,115	1,917	811	13,636
" " 1905	13,181	1,867	2,832	1,443	19,323
June 1st., 1910	15,517	2,280	3,333	2,715	23,845
" " 1911	15,990	2,346	3,415	2,973	24,724
" " 1912	16,774	2,417	3,475	3,360	26,026

We see from this how immense has been the progress made by Agricultural co-operation in Germany in twenty years. The increase in the number of societies was particularly large in the year 1911-12. Such a large number of new agricultural co-operative societies (1,561) had not been registered since 1896-97, and, subtracting the number of those dissolved, the net increase was 1,302, a figure which had not been exceeded for 15 years, except in 1900-01. This is the more noteworthy as to-day the idea of co-operation extends rather by means of new members adhering to already existing societies than by the formation of new societies. For example, according to enquiries made in the matter by the Central Bank of Prussia, credit co-operation which is the oldest and most important branch of co-operation gains in this way three fourths of its new adherents.

The important progress made by agricultural co-operation last year is due in the first place to the serious losses suffered by German agriculture in 1911 through drought and cattle disease. It is, in fact, in years of calamity that farmers learn to appreciate the benefits of co-operation. The co-operative credit societies are always at the head of the movement. In 1911 their number increased by 784, a larger increase than there had been since 1897-98. There has been a decrease in the number of new co-operative purchase societies and dairies founded in the last few years. Among other societies, it is above all those for employment and distribution of electrical energy that have largely increased in number. 252 have

been founded. But the number of those dissolved is also very large, namely 42. We cannot mention here all the kinds of societies included under the head of miscellaneous societies, for nowadays the co-operative idea is applied to all agricultural work and to all the industries connected with it. Let us only say that the number of societies for sale of cattle has increased by 18, (24 foundations, 6 dissolutions) and that the number for water supply has increased by 39 (42 foundations, 3 dissolutions).

As to the legal form of the co-operative societies it is shown by the statistics of the National Federation that the principle of limited liability gains ground with the increase of the number of co-operative societies for purchase, co-operative dairies, and above all of miscellaneous societies. In 1897, only 11 % of the agricultural societies were founded under the form of societies of limited liability as admitted by the law of 1889; in 1903 the proportion was already 17.2 % and, on June 1st., 1912 it was 22.6 %. In 1911-12 the form of limited liability was selected by 10 % of the new co-operative credit societies, 65 % of the new co-operative purchase societies, 58 % of the new co-operative dairies, and 76 % of the other newly founded co-operative societies.

* * *

Let us now consider the statistics of the work of the co-operative societies given by the National Federation. The 20,435 societies affiliated on June 1st., 1912, were divided into 77 co-operative central societies, 13,606 credit societies, 2,241 purchase societies, 2,193 dairies and 2,318 miscellaneous societies. The National Federation gives us very extensive and generally very complete statistics of the co-operative societies. The credit and purchase societies and dairies have almost all supplied the necessary figures with regard to their balance sheets and their operations, so that we possess very satisfactory elements for judging of these three chief branches of co-operation. It is only for the miscellaneous societies that the data are often insufficient.

Let us first consider the central societies. At the end of 1911, the National Federation had 36 central credit societies as members, 3 of them being societies limited by shares founded also with the intention of serving for the development of agricultural co-operation. The following are the principal figures for their work in recent years.

Central Co-operative Credit Institutions.

Year	Inside Capital	Members' Liability	Sums Deposited by Co-operative Societies	Debts to Banks	Amounts Borrowed by Co-operative Societies	Credits in Banks
	Thousands of Marks					
1905	23,312	206,435	190,204	42,105	200,001	20,451
1906	27,311	215,925	196,631	51,680	220,175	24,060
1907	29,394	243,125	188,927	70,676	247,283	12,638
1908	35,343	263,545	238,367	26,622	253,389	18,654
1909	40,117	280,411	277,648	25,664	267,880	27,029
1910	42,319	279,871	312,665	18,899	261,432	43,165
1911	46,237	321,910	309,510	27,504	302,678	27,315

On examining these figures we see that the amounts deposited by the co-operative societies were slightly less than in previous years, while those borrowed had increased : similarly the deposits made by the central banks in other banks were less, whilst their debts had increased. This is due to the large credits needed by the farmers in consequence of the bad season. For the same reason some of the central banks have raised their rate of interest. In 33 banks the average rate at the beginning of the year was 3.40 % on deposits and 4.55 on loans, at the end it was 3.67 % on deposits and 4.57 % on loans.

The largest of the central institutions included in this return is the Central Agricultural Loan Bank for Germany (Landwirtschaftliche Zentral-darlehnskasse für Deutschland), a society limited by shares. It serves as a central bank for banking operations and credit business for the Raiffeisen Banks which were, with the General Federation of Rural Banks of Raiffeisen system, affiliated to the National Federation in 1905. Its capital amounts to 8,618,500 marks. With the reserve fund, it has 9,303,972 marks of inside capital. The deposits made by the adherent societies amounted on December 31st., 1911 to 40,469,000 marks in current account and 43,926,000 marks deposited for a term. On its side, it had given them 71,753,000 marks as loans in current account and 2,571,000 marks as loans for a term.

The central sale and purchase societies affiliated to the National Federation of Agricultural Co-operative Societies are 33. On December 31st., 1911, they had 12,738 members, 3,545 being private persons and 9,193 being societies. (6,359 loan and savings banks). In 1911 they bought 205,800,000 marks worth of farm requisites and sold 87,800,000 marks worth of agricultural produce. In this latter amount were included 84,800,000 mks. for wheat sold on behalf of members. To these figures we must add those for goods bought through the medium of the Agricultural Loan Bank for Germany, amounting to 14,100,000 marks.

*
* *

The statistics given by the National Federation concerning local societies relate to the year 1910. The number of loan and savings banks included are 12,797, with 1,208,997 members. They did a total business of 4,940,000,000 marks. Their working capital was 2,128,000,000 mks. This was made up of 81,000,000 mks. inside capital, and of outside capital, including deposits amounting to 1,866,000,000 mks. The report of the National Federation estimates the working capital of the whole number of 16,735 rural banks in the middle of the year at 2,700,000,000 marks of which 2,400,000,000 mks. were members' deposits. The credits granted in current account amounted to 465,000,000 marks at the end of 1910, those for fixed terms to 1,191,000,000 mks. The total credits granted for the year were 682,000,000 mks in current account and 311,000,000 mks for fixed terms. These figures show the importance the rural banks have attained in Germany and the great service they have rendered to the agricultural population. Many of them further occupy themselves with purchase of farm requisites for their members. In 1910 they bought 85,500,000 marks worth of these.

To show the development of the rural banks, in the following table we give the principal figures for several years. At the same time we shall also give some data relating to the three other most important federations of agricultural co-operative societies: the Federation of Rural Banks in the Grand Duchy of Baden at Karlsruhe, the Federation of Agricultural Co-operative Societies of Württemberg at Stuttgart and the Federation for the Supervision of the Accounts of the Agricultural Co-operative Societies of the Rhenish Province, the Principality of Birkenfeld and Alsace-Lorraine at Treves.

	National Federation				Karlsruhe Federation	Stuttgart Federation	Treves Federation
	1904	1907	1909	1910	1910	1910	1910
Number of Co-operative Societies	10,786	11,669	12,614	12,797	422	1,164	346
Number of Members	954,473	1,059,348	1,163,166	1,208,997	63,325	132,494	36,753
Inside Capital	47.6	62.0	73.3	81.2	3.2	3.8	1.5
Outside Capital	1,334	1,501	1,862	2,047	79.4	98.3	59
Capital in Current Account	266	371	426	465	5.5	—	5.3
Credits for Fixed Term	671	806	1,082	1,191	56	—	44.3
Purchase of Goods	33.6	60.6	88.9	85.5	—	3.4	1.2

The statistics of the co-operative dairies relate to 2,033 societies with 213,732 members, but a certain number of them did not answer all the questions put to them, so that the statistics are still incomplete. 1,869 dairies showed the quantity of milk supplied. It was 2,352,000,000 kgs. or, on an average, 1,258,488 kg. per dairy.

It was divided among the dairies as follows :

Below	100,000 kgs.	63 dairies (1909 :	51)
Between	100,000 and 250,000 kgs	203 „	(„ 156)
„	250,000 „ 500,000 „	278 „	(„ 265
„	500,000 „ 750,000 „	226 „	(„ 226)
„	750,000 „ 1,000,000 „	207 „	(„ 198)
„	1,000,000 „ 2,000,000 „	527 „	(„ 535)
„	2,000,000 „ 3,000,000 „	218 „	(„ 209)
„	3,000,000 „ 4,000,000 „	76 „	(„ 68)
„	4,000,000 „ 5,000,000 „	45 „	(„ 39)
above	5,000,000	26 „	(„ 18)

A part of the milk consigned by the members was sold as fresh milk. This branch of the work of the co-operative dairies has developed very

quickly in the last few years and it will probably make still greater progress, for with the increase of the town population it will become more and more profitable and useful. In 1910 the quantity of fresh milk sold by the co-operative dairies was 167,361,934 kgs. or 7.1 % of that consigned. The production of butter was 77,614,959 kgs. in 1,621 dairies. In 1909 it was 83,913,630 kgs. in 1,543 dairies. This decrease is principally due to the increased sale of fresh milk. Many dairies have also produced large quantities of cheese.

The members received in payment for all the milk they supplied 130,500,000 marks, that is, 9.7 pfennig per litre. The total value of dairy produce sold was 233,000,000 marks, or 11.1 pfennig per litre. We must however remember that some dairies return the separated milk to their members free of charge.

Their working capital was altogether 86,900,000 marks, or, on an average, 44,276 marks per dairy.

Of these dairies 296 showed neither profit nor loss, 1,505 showed total profits of 6,274,479 marks, or 4.169 marks per dairy, and 184 a total loss of 502,958 marks, or 2,868 marks per dairy.

The statistics of co-operative purchase and sale societies refer to 2,120 societies with 241,022 members. The value of the goods bought by them was 117,300,000 million marks. In order to arrive at the total amount of goods bought by the societies, we must add the amount for purchase of goods made by other societies. The figures the National Federation has obtained for the purpose are not complete. But if we add to the amounts the 7,800,000 marks representing the value of the goods obtained by 119 dairies for their members, and the 85,500,000 marks representing the purchases made by the loan and savings banks, we shall get at least an approximate idea of the co-operative organization for the purchase of farm requisites. Comparing these figures with those of the total business done by the central co-operative societies, which was 190,300,000 marks in 1909, we see that the purchases of the local societies are made in large measure through the central societies.

The value of the agricultural produce sold by the co-operative societies for purchase and sale in 1910 was 63,000,000 marks.

As regards the miscellaneous co-operative societies, we must limit ourselves to indicating the financial results obtained by a few of them, so as not to enter into too many details.

Of 52 co-operative granaries, 35 showed a total gain of 306,000 marks and 13 a loss of 77,000 marks. In 149 co-operative distilleries, 91 showed a profit of 165,000 marks and 7 a loss of 27,000 marks. 59 societies for the sale of cattle showed a profit of 45,600 marks, 26 a loss of 20,586 marks. 51 societies for the sale of eggs showed a profit of 9,653 marks, 15 a loss of 3,702 marks. 132 societies for the employment of machinery showed a

profit of 99,000 marks, 85 a loss of 91,000 marks. 36 societies for the sale or utilisation of fruit and vegetables showed a profit of 335,000 marks, 15 a loss of 13,436 marks. 89 vinedressers' societies showed a profit of 337,000 marks, 37 a loss of 407,000 mks. 35 livestock improvement societies showed a profit of 12,719 marks, 20 a loss of 50,686 marks. 33 societies for the distribution of electrical energy showed a profit of 83,000 marks, 38 a loss of 354,482 marks. Among these latter there was one in which the losses amounted to 200,000 marks. It had to be reformed.

Although the financial results are not the only criterion by which to judge of the usefulness of a society, these figures show that co-operative societies of this nature present many risks and in their foundation the greatest prudence must be exercised.

There are also many other interesting facts that might be signalised in relation to these kinds of co-operative societies, but we propose to deal with the chief kinds of these in special articles.

CO-OPERATION AND ASSOCIATION

UNITED STATES.

CURRENT QUESTIONS.

Fruit Growers' Co-operative Societies (*Continued*).

II. Co-operative Societies in Other States than California.

Sources :

Besides the sources utilised in the preceding section see :

Co-operation among Fruit Growers. Union City, Missouri. Coll. of Agr. Bulletin, n° 57 ;
MOORE, J. F. Co-operative Fruit Growing and Marketing in "Successful Farming", Des
Moines, Iowa, February 1911.

PAYNE, WILL. Co-operation, Colorado Apples in "Saturday Evening Post", Philadelphia,
July, 1910.

"Country Gentleman", Philadelphia, June 22nd. and 29th. and September 7th., 1912.

"Florida Grower", Tampa, Florida, June 18th. and September 21st., 1912.

"Landwirtschaftliches Genossenschaftsblatt", Neuwied, March 18th. and May 30th., 1912.

Finally we desire to express our thanks to Dr S. W. Foss, President of the "Phoenix
Board of Trade", Phoenix, Arizona; Mr John F. Moore, Manager of the Grand Junction
Fruit Growers' Association; the Secretary of the Wenatchee Valley Fruit Growers' Asso-
ciation, and the other gentlemen who have given us assistance.

§ 1. Characteristics of the Fruit Growers' Societies in the United States.

The co-operative fruitgrowers' societies of California, of which we
have spoken in the first part of this article are an excellent example of this
kind of association in the United States. Many of their characteristics
will have been observed by the reader. Not limited to mere production
or sale, their action, takes a hundred forms, is distributed among a number

of functions, and extends over very large areas. But what is most characteristic, is the application of the methods of wholesale industry and trade to agriculture.

The work of the farmer is immediately followed up by that of machines, which, especially in the large citrus associations, have a very important rôle. The fruit is carried fresh and fragrant from the orchard to the society's establishment where a series of machines, according to the kind of fruit, brush it, wash it, separate it according to size and weight, pour it into boxes and close them, etc.

In this way not only is time economised, but, what is of extreme importance for the American farmer, also labour. Only those operations are performed by hand that cannot be done by machinery, but also on these an expert specialised staff is engaged doing the work quicker and better than it could be done by the farmer.

This treatment of the fruit, (which is not confined to fruit growers' co-operative societies, as it is also in use in private enterprise, though with less advantage to the producers), in view especially of the importance of some of these associations, is extremely economical.

But the development of the producers' co-operative societies in the United States has been greatest in the direction of the organization of sales.

In America, the farmer generally is not so sharply marked off from the man of business as in Europe; even in the solitude of his fields he remains fundamentally a business man. In America it is not a rare thing to find a banker or a business man who is at the same time a farmer; much less rare is the converse.

It is no wonder then that the fruitgrowers' associations constitute powerful commercial undertakings sending out branches even to the remotest parts of the territory of the Union.

The principal efforts of these societies are made to attain continual, precise, and scientific knowledge of the markets; to this purpose they devote very large sums; maintaining agents in the principal centres of sale and consumption, with the duty of keeping the societies continually advised by telegraph, telephone etc., of the conditions of the market. The business manager of the society, its brain and soul, is a competent and skilful man, devoting his commercial talents and his energies entirely to it, and remunerated with a fairly high salary.

The sale of agricultural produce generally, and of fruit especially, is much more difficult than that of manufactured produce, as, owing to its extreme variability, it has to be seen and examined by the purchaser personally. This naturally increases the difficulty of trade with distant customers.

Now the American societies have endeavoured to eliminate or at least to diminish this difficulty by means of the standardisation of the fruit. Whilst formerly it was the boast of the fruit grower to produce the greatest possible variety of fruit, experience has proved the advisability of choosing the kinds preferred by consumers, and of obtaining the maximum uniformity in these kinds, so that they may remain the same from year to year and may be known on the markets. This simplifies and diminishes the work of the society and enables it to profit by the rapid methods of wholesale trade.

The sale business is further simplified by the fruit being forwarded in boxes or barrels of the same form and thus constituting a unit of measure. Every case bears the mark of the association, and an exact indication of the quantity and quality of the contents. Wholesale trade is more honest than retail in its dealings with the public : without the confidence of the public it is impossible to work on a large scale. The fruitgrowers' associations obtain it by their honesty : the contents of their boxes correspond exactly with the indications outside. There is absolute exclusion of the small frauds so common in the fruit trade : for example, when in a case of apples, under a first layer of excellent fruit are found others of inferior quality or bruised. Once the class of fruit is known on the market and the confidence of buyers is secured for the society, purchase operations become extremely easy. The difficulty in conducting business at a distance is eliminated or very greatly diminished, the telegraph and telephone being constantly utilised in the sale business of the American fruit growers' associations.

Thanks to their complicated system which, however, is practical and works rapidly, the co-operative fruit growers' associations manage to acquire considerable importance in the markets, which they dominate and regulate, sometimes having to surmount very serious obstacles on the part of private dealers and middlemen.

This complex, but ingenious and suitable organization is the secret of the progress made by the fruitgrowers' associations. In the United States and especially in the States on the Pacific slope, fruitgrowing is not considered as a secondary department of agriculture (as it is frequently in Europe), but as the sole object of very many farmers : indeed, some districts live exclusively by fruit growing, which thus unites a number of larger interests although concentrated in a smaller number of persons. In this way some larger associations have concentrated and disciplined a large number of kindred interests, dealing with almost the entire production of certain districts. This makes it possible for the associations to control the markets under conditions almost of monopoly, exercising an influence often decisive on the establishment of prices.

The enemies and rivals of the association took advantage of this to launch the accusation against them of constituting trusts. It was an accusation which, while it was an eloquent homage to their superiority, was at the same time unjust. For a fruit growers' association in the United States has, in common with the trust, the external feature of concentrating the maximum of produce in order to control the market price ; but there is the most absolute difference in their essential nature and ends. The fruit growers' association is devoid of that character of exorbitant speculation which calls for special legislative provisions. Indeed, it is the chief aim of the associations to combat such speculations, reducing to a minimum the difference between the price paid by the purchaser and that received by the seller. The fruitgrowers' association concentrates the maximum amount of produce in order to distribute it fairly among the markets, avoiding at once glutting and scarcity. In this way the work of the associations has been beneficent, not only for the producer but also for the consumer. Let us remember the before mentioned example of the California Fruit Growers' Exchange which sells citrus fruit at a third less than the middlemen.

The fruitgrowers' associations are not equally distributed over the territory of the United States : but are most numerous and most important in the Western States. Their special functions and characteristics vary with their geographical position.

§ 2. *Fruit Growers' Co-operative Societies in the Western States.*

The economic life of the Western States contrasts markedly with that of the Eastern ; while the former with immense areas under wheat or maize, vegetables or fruit, or pasture land, supply the agricultural wealth of the nation, the Eastern States with their mammoth cities, fevered with trade, and thronged with workshops, provide the industrial and commercial wealth. The East consumes the agricultural produce of the West ; the trade of the West in such articles consists therefore chiefly in exporting. Consequently the problem before the Western co-operative societies is to render this export trade remunerative by making up the expense of transport and overcoming the competition of the Eastern States and foreign countries.

The length of the journey occasions greater expenses for packing, refrigeration and eventual losses due to deterioration of the fruit. To the cost of carriage must be added greater cost of production. In the West both labour and land cost more than in the East. The wages of agricultural labourers are indeed higher there than in any other part of the Union :

in 1909 the rate was 48.04 dollars a month, while in the Southern Atlantic States, also great producers of fruit, it was only 20.86(1). Daily wages at harvest time were, in addition to food, 2.02 dollars in all the Western, 1.87 in the Central Northern, 1.62 in the North Atlantic, 1.10 in the Central Southern, 1.03 in the South Atlantic States.

The price of land is also generally higher in the West than in the East. Thus in the West an orchard, 10 or 12 years old, may have a value of more than 1,500 dollars per acre, while the same area of land on an Eastern farm may be bought for a tenth of the price (2). Western land, in addition to being dearer, has often the disadvantage of being very dry or almost arid, as compared with the more humid soil of the East. Often colossal works of irrigation are therefore necessary in order to give the orchards their marvellous fertility.

There are finally other circumstances which place the producers of the Western States in a position of inferiority to the Eastern; the existence of parasites on the trees and the rigid winters. For whole months they have to struggle against frost, warming the orchards by means of special braziers.

To show the different conditions of fruit growing in the East and West, we reproduce the following details from a table prepared by F. J. Russell Smith, relating to the districts where apples are grown on a large scale, the Yakima or Hood River Valley in the West and the Potomac Valley in the East (3).

(1) See : GEORGE K. HOLMES : Supply and Wages of Farm Labor, in Yearbook of Department of Agriculture for 1910.

(2) See : STEINBRUCK. *Das landwirtschaftliche Wettbewerb zwischen West und Ost in den Vereinigten Staaten von Nord Amerika*, in Kühn- Archiv. Band 1. erster Halbband.

(3) F. J. RUSSELL SMITH. *The Chances for Eastern Apple Growers in The Country Gentleman*. September 7th., 1912.

A Comparison of Orchard

	Price of unplanted orchard per acre	Cost of labour per day	Labour supply	Cost of irrigation per acre
Yakima or Hood River Valley	\$ 300	\$ 1.75-2.80	Occasional scarcity	Several dollars a years
Potomac Valley	\$ 40-150	\$ 1.25-1.50	. . .	Nothing
Advantage in favour of East per cent.	200-500 %	40-60 %	Less occasional scarcity	Greater cheapness of rain equals greater regularity of irrigation

(*) Icing charges are really a part of the freight rate and should be so considered.

Costs, East and West.

Cost of materials	Yield per acre	Freight Rate		Icing charges	Length of shipping season
		To New-York per barrel or 3 boxes	To New-York per 100 pounds		
Machinery and chemicals higher. Packages lower	Approximately the same amount of apples in both regions	\$1.86	\$1.00	\$.75 for 3 boxes when used	Till freezing
Fertilizers little used in West yet. \$3—\$10 an acre East		\$.28—\$.32	\$.17—\$.20	Not used for apples because of short distance	All winter
Advantage in favour of West		400-500 %			Much better

As we see the cost of production and transport is higher in the West which has the only advantage of cheaper implements, machinery, etc. From all this we see that the difficulties the Western fruitgrowers have to overcome are neither few nor light. In view of the high cost of production, how to get their fruit accepted on the market is a very difficult problem. The only way to solve it is by means of an excellent business organization offering the maximum of economy, excluding all dispersion of capital, and any profit not directly reaching the farmer, reducing, that is, to a minimum the difference between the prices received by the producer and paid by the consumer. The reduction of all the expenses of sale and production prove the success attained after many struggles by the large societies of the West. Still even with a good business organization the expenses the Western producers have to bear are high and therefore they have to sell at high prices. This has forced them, in order to find purchasers and overcome competition, to improve the quality of their fruit itself, and the manner of putting it before the public. "There are few seasons," says Moore, Manager of the Grand Junction Fruit Growers' Association, "when you cannot buy the best varieties of apples in New York State for 2 dollars a barrel. But, for example, a box of Ben Davis apples at 1.25 dollars, freight 50 cents, storage 25 cents, costs the dealer two dollars(1). Now can't you realise your apples must be perfect, not only perfect in one way but every way — good size, good colour, good packing, to enable you to get into those markets?"

The solution of this technical problem and their excellent business organization have enabled the fruitgrowers of the Western States to attain their present wonderful development. It will be enough to bear in mind what we have said relative to California: to this we shall add a short account of the work of one of the most interesting and flourishing of the Western Fruit Growers' Associations, namely:

§ 3. *The Grand Junction Fruit Growers' Association.*

A rapid examination of the work of the Grand Junction Fruit Growers' Association is of considerable interest, because it is one of the best proofs of the importance and activity of these organizations.

The story of the beginnings of fruit cultivation in Colorado offers certain analogies with that of California which we have already considered. Here also the first cultivators for some time received very high prices for their produce, but without, like the Californian producers, having to forward it to distant markets. It was the moment when miners and seekers after precious metals were crowding from every part of America and the

(1) *Annual Statistical Report of the Grand Junction Fruit Growers' Association for 1909, January 14th., 1910.* Observe that a barrel holds three times as much as a box.

world to people the almost desert regions where in a brief space of time they built some dozen or more little cities, amongst them, Aspen, Cripple Creek, Ouray, and Leadville.

These seekers after fortune, who often succeeded in finding it gave high prices for the local produce. Hence the first fruitgrowers did a good business. This was followed by an artificial increase of production and naturally a crisis, when these exceptional conditions ceased to be. Then the need was felt of exporting the superfluous produce. For this purpose in 1891 the Grand Junction Fruit Growers' Association was founded at Grand Junction with a capital of 25,000 dollars. At the start the organization was very simple: the officers of the society were large local farmers: the members also were recruited exclusively among the fruitgrowers. The results of this first period were not too good. But after the necessary experience had been acquired, the society was reorganised on a larger, more modern and more commercial basis. The capital of the society was increased, agents and representatives were sent to the larger markets; a special manager was elected to devote all his energies to the association, while, on the other hand, this office was previously filled by a member, who was also a fruitgrower and had therefore at the same time to attend to his farm business. This was of especially great importance; the success or failure of these societies is largely the result of the manager's work, and he must have commercial experience, be capable of prompt decision and have a very fine business instinct, and these qualities are not easily to be found among the farmers. Naturally, a man of such gifts, ready to devote himself entirely to the association, must be adequately remunerated; so in 1910 the Manager Moore received a salary of 7,500 dollars, while at first he only received 1,100. But the business of the society increased in proportion: as may be seen from the following data:

Year	Number of Trucks Forwarded	Amount paid to Producers in Dollars
1897	167	524,085.00
1898	56	21,785.10
1899	37	21,346.28
1900	163	64,323.83
1901	195	95,862.65
1902	453	198,975.13
1903	537	247,188.45
1904	1,112	437,154.33
1905	797	475,763.00
1906	1,162	555,813.44
1907	905	700,625.00
1908	423	334,696.15
1909	1,850	1,070,486.18

Also the number of members which was 167 in 1897 is now more than 1,100. The capital of the society, at the beginning 25,000 dollars (of which only 5,000 paid up), was raised in 1910 to 200,000 dollars. The association is now composed of farmers holding shares issued by it. However, the number of shares is not fixed. To be a member it is enough to possess a single 5 dollar share ; but one man may not hold more than 500 shares (2,500 dollars). This wide basis was adopted in order that the farmers should not be obliged to keep the money they had need of invested in shares. Indeed, the society still further facilitates their work for the farmers, supplying them with implements, manure, etc. on credit. For this purpose, as also for current payments, wages, etc., the share capital is drawn on. The society reimburses itself both for these advances and its expenses out of the profits made.

We shall not dwell on the details of the business organization, since in its general lines it corresponds with that of the large co-operative societies of California. The *Grand Junction Fruit Growers' Association* also has representatives and agents on the large markets, for its sales, and its information service, on which large amounts of money are expended, especially for telegraphic and telephonic communications. Each farmer must provide for the packing of his fruit ; the society exercises control over the goods delivered to it. But, beyond that, as it is impossible in view of the quantity of produce despatched, for the control, however strict, to be complete, the rule is established that the producer must also mark the boxes with his own name or a number ; the purchaser may claim compensation from him when he can prove that he has received goods of inferior quality. All this gives the purchaser an absolute guarantee of the quality of the fruit and gives it a good name on the markets.

The society assists the fruitgrowers in their constant efforts to improve their produce : it pays experts to teach the best methods of spraying, grafting, pruning, manuring, etc., the fruit trees : and besides it is one of the first associations that successfully attempted the warming of orchards. Further it has introduced new systems of packing, instructing the farmers in all the details of the despatch.

The business of the society now amounts to a million of dollars a year and generally more.

§ 4. *Eastern Co-operative Societies.*

Co-operation among the Eastern fruitgrowers, is, as we have more than once said, less advanced than among the Western. This is largely due to the inferior degree of development of fruit growing. Large farms devoted entirely to fruit cultivation are rarer here, as it is most usually looked

upon as a secondary matter. Besides, the difficulties to be overcome are less. The land, being less arid naturally, does not usually call for extensive irrigation works, the markets are nearer at hand, which makes transport and sale a simpler matter. The need of union in large co-operative societies is therefore less acutely felt. But the want of organization has its effect on the business, which, being less controlled, is less prosperous. Much of the fruit, for example, produced in the East is not inferior in flavour or perfume to the Western, which, however, is preferred on the markets on account of the greater skill with which it is launched. And so also the disproportion in the value of the land in these two parts of the Union is not due to a corresponding inferiority in the capacity of production, but to the proceeds from the one part being far more considerable than from the other, owing to the better organisation of the sales. The experimental farms of the Eastern States have shown that the orchards of the East, if better cultivated and if larger sums were invested in the work, would give the same results as those of the West. And in the same way some solidly and skilfully organized fruit growers' associations have given excellent results. Amongst these we must mention the *Florida Citrus Exchange*.

This association corresponds in general outline to the California Fruit Growers' Exchange, which we dealt with in the preceding article, and has given very satisfactory results: it is enough to say that while before the foundation of the Exchange, the Florida fruit growers obtained from 25 to 50 cents per box of citrus fruit, now they get on an average 1 dollar 90 cents. After deduction of 70 or 80 cents from this for cost of packing, there is still a profit twice or four times as large as before. This Exchange also is an association of associations, divided into local associations and *District Exchanges* united in a *Central Exchange*. The local associations preserve their individuality and mark their own produce with special marks. Also here the District Exchanges serve as intermediaries between the local associations and the Central Exchange, in which the management of the whole association is centred.

By its success this association shows the favourable results such organizations may attain, when well managed, even in the Atlantic States.

CO-OPERATION AND ASSOCIATION

FRANCE.

GOVERNMENT COMMUNICATIONS.

The Work of the Mutual Agricultural Credit Banks in 1911.

The French Government has communicated to us the Annual Report of the Minister of Agriculture to the President of the Republic upon the Work of the Mutual Agricultural Credit Banks in 1911. We shall here give a summary of the Report introducing it with some general information to put the reader in a position better to understand this important matter.

§ 1. *A Few Words on Mutual Agricultural Credit.*

The readers of this Bulletin are well acquainted with the character, the forms and organization of co-operative agricultural credit in France, for in various previous numbers we have already dealt with the matter at length (1).

However, we shall recal to their memory that the fundamental system of agricultural credit in the French Republic is based on Co-operative Institutes supported by the State, namely the *local banks*, institutes of the

(1) See above all: *Bulletin of Economic and Social Intelligence*, December 1910, pp. 219 and 274; April, 1911, p. 85, and January, 1912, p. 59.

first degree and the *regional banks*, institutes of the second degree, federating the former within the limits of a more or less extensive district.

The essential characteristics of a system of this nature are the following: decentralisation, mutuality, professional basis, State financial intervention and State control. The objects aimed at may be briefly indicated under the following heads: 1st. to provide the farmers and their associations with the means necessary for carrying out the normal work of cultivation, by means of short term loans. — 2nd. to facilitate special operations for independent farmers and agricultural co-operative societies by means of long term loans. The first of these tasks it is proposed to perform is entrusted to the local banks (laws of 1894 and 1899) ; the second is incumbent on the regional banks (laws of 1910 and 1906). The State has placed at the disposal of the regional banks, which must in their turn assist the local banks in their work, the large amounts the Bank of France has engaged to pay to it. The Bank has in fact paid to the State, for the purpose, as an advance, not on interest, the sum of 40 millions, and also makes annual payments calculated in accordance with the amount of its business transactions. These payments, which may not be less than 2 million francs, are generally between 3 and 5 million. The regional banks may obtain free advances on the State loan up to four times their paid up capital for the period of 5 years, not renewable. From 1900, the year in which this system began to work, up to 1911, the State had placed at their disposal about 74,000,000 francs. They supply the local banks with the necessary funds for their working, either discounting the bills signed by members or making advances to the banks for the constitution of their working capital. The first of these two methods is the one generally adopted. The rate of interest asked from the local banks is 3 % and the rate these ask from farmers is generally not more than 4 %. The amount of the loans granted by the local banks varies with the circumstances. In some it may be twenty times the share of the member applying for the loan ; in other banks loans may be given up to a certain fixed amount, as, for example, 1,000 or 2,000 frs. The duration of the loan varies from three to twelve months.

Let us finally remember that the regional banks, in addition to their fundamental work of granting credit to the local banks for short term operations, have been, in recent years, called to discharge new functions consequent upon the appearance of new needs. The technical progress of agriculture, the development of the co-operative idea even in the field of agricultural production, the continually more urgent need of developing and consolidating the homestead for the family, threatened by excessive subdivision of land and the rural exodus, all lead to an extension of agricultural credit and, consequently, to the extension of the powers of the institutions charged to exercise it. Thus, the law of December 29th., 1906 authorized the regional banks to grant advances to co-operative societies

for production and sale of agricultural produce for the period of 25 years at the low interest of 2 %, up to the amount of twice their paid up capital. With this object the State may grant the regional banks advances without interest out of the yearly payments made by the Bank of France, up to a total amount not exceeding the third part of the said payments. Further, by virtue of the law of March 19th., 1910, the banks in question may grant, through the medium of the local banks, loans up to the amount of 8,000 frs., repayable in 15 years in instalments, to farmers, in order to facilitate for them the purchase and improvement of small agricultural holdings.

The institutions of subsidised agricultural credit have spread rapidly in the course of the last ten years. In 1901 there were 309 local banks with 7,998 members and 9 regional banks. In 1911 there were 3,946 banks with 185,552 members and 97 regional banks. In the same period, the banks placed at the disposal of farmers a credit of more than 450 million francs.

We shall now show the results obtained in 1911 by this system which is an ingenious combination of private initiative, mutuality and State aid.

§ 2. Regional Banks.

1. Number of Regional Banks. Advances received from the State.

In 1910 there were 56 regional banks. In 1911 another was formed. The advances received from the State in that year were 17,584,630 frs. as against 11,386,815 fr. in 1910. If the greater part of this amount is, as in the past, reserved for advances to be granted to local banks for short term credit, in conformity with the 1899 law, we observe, however, in 1911, a considerable increase in the proportion assigned for long term advances in favour of small holdings, in conformity with the 1910 law. The proportion assigned for advances to co-operative societies, conformably with the 1906 law, has, on the contrary, slightly decreased. The following table shows the variations in the amount of State advances in the last two years and their general situation on December 31st., 1911.

Year	Advances Granted by the State in accordance with the Laws		
	of 1889	of 1906	of 1910
1910	6,673,550	2,284,265	2,329,000
1911	10,483,350	2,364,280	4,737,000

Particulars	Advances Granted in Accordance with the Laws		
	of 1899	of 1906	of 1910
On December 31st., 1910	50,442,585	4,405,840 —	2,329,000
Current, 1911	10,483,350	2,364,280 —	4,737,000
Total . . .	60,925,935	6,770,120 —	7,066,000
Repaid to the State	1,156,688	127,842.30	—
Balance at the Disposal of the Banks on December 31st., 1911	59,769,247	6,642,277.70	7,066,000
General Total . . .	73,477,524.70		

In 1911 the total amount at the disposal of the regional banks for their various services was therefore 73,477,524.70 frs. as against 57,177,425 frs. in 1910.

2. *Resources of the Regional Banks.* The *capital* of the regional banks is increasing considerably. On December 31st., 1911 it was 21,021,357 frs., of which 19,418,401 frs. was paid up, as against 15,912,801 frs. in 1910. The local banks had contributed 12,073,737 frs. to this, against 9,800,223 frs. in 1910. Altogether, the funds at the disposal of the regional banks for their normal operations in virtue of the law of 1889 were in the last two years as follows :

	1910	1911
Paid up Capital	15,912,801	19,418,401
Reserve Fund	2,868,544	3,749,689
State Loans	50,442,585	59,769,247
Average Amount of Deposits .	2,200,000	2,400,000
Total . . .	71,423,930	85,337,337

The *Deposits* received by the regional banks in 1911 amounted to 18,345,708 frs., showing an increase of about 2 million on those of 1910 which were 16,632,208 frs. The credit balance varied from 1,645,786 frs. to 3,269,644 frs. In the above mentioned Report it is observed that this increase shows that the confidence of the depositors has not been in any way affected by the difficulties the French farmers have met with.

3. Operations of the Regional Banks.

(A) *With Local Banks for Short Term Credit.* The operations of agricultural credit properly so called conducted by the regional banks with the local banks in the year in question show a considerable increase, which is explained in the Report as due to the unfavourable conditions of the agricultural season in 1911.

This increase is seen in the following table :

Particulars	1910	1911	Difference in favour of 1911
	fr.	fr.	fr.
Bills Discounted and Renewed	130,865,263	162,578,529	31,713,266
Direct Advances to Local Banks for their Working Capital	1,251,220	1,445,431	194,211
Advances under Form of Discount . . .	66,957,353	81,278,670	14,321,317
Loans Current at the End of the Previous Year	40,971,508	49,487,477	8,515,969
Total . . .	109,180,081	132,211,578	23,031,497
Payments	59,692,604	72,379,905	12,687,301
Loans current on December 31 st , 1911 .	49,487,477	59,831,673	10,344,196

We see, in fact, from the data given that the regional banks have discounted and renewed bills for an amount of 31,713,266 frs. more than in the previous year.

The collective short term loans granted by the regional banks to the agricultural syndicates, co-operative and mutual insurance societies amounted to 14 or 15 millions. Almost all the banks, except three, have adopted a rate of discount not inferior to the normal rate of the Bank of France.

(B) With Co-operative Societies for Long Term Credit.

The agricultural co-operative societies for production and sale continue to profit largely by the credits on terms of favour accorded them by the 1906 law, either for their constitution or the enlargement of their establishments. In 1911, 78 societies received loans for a total amount of 2,364,250 frs. against 2,286,265 frs. in 1910. The situation of these loans at the end of each of the last two years was as follows :

Particulars	At the end of 1910	At the end of 1911
Co-operative societies receiving advances	131	202
Paid up capital	2,721,245 fr.	4,114,836 fr. 15
Advances at their disposal	4,405,840 fr.	6,642,206 fr. 70
Number of members	16,479	24,187

These societies are classified as follows,
according to their object :

Dairies and butter factories	29	41
<i>Fruitières</i> and cheese factories	26	61
Wine societies	29	32
Oil mills	5	6
Wine and oil making societies	5	6
Distilleries	11	19
Starch factories	2	2
Societies for utilisation of material	17	26
Miscellaneous	7	9
Total	131	202

These data are of great importance for whoever follows the co-operative movement of production in French agriculture, for not only do they show us the amount of credit applied for and granted for the development of this interesting form of association, but also give us an opportunity of following its progress, since there are no special statistics for this class of co-operative society in France. It may be thought that, with rare exceptions, all co-operative societies for production have recourse to credit under favourable conditions and, consequently, are almost all included in these statistics. So we have thought well to publish in an appendix to the present article the detailed list of agricultural co-operative societies which have recourse to this credit. In addition to the amounts borrowed, there will be found in this appendix the capital and the number of members

of the societies in question. It will be well also to observe that the societies which appear in largest number and which have made the greatest progress are the dairies and cheese factories. Their number has increased from 54 in 1910 to 102 in 1911. The societies for the employment of agricultural machinery have also made great progress, especially in the department of Eure-et-Loir, and the members have consequently derived great advantages.

(C) *With Farmers for Long Term Credit.*

As we have already several times indicated, the regional banks have to serve as intermediaries between the Treasury, the local banks and the farmers, for long term agricultural credit for improvements and purchase of small holdings. This service, which commenced in 1910, was carried on in 1911 by 62 of the 72 regional banks that had received State advances for the purpose and by two* real estate credit societies. Out of these advances, which, in 1911, as we have seen, amounted to 7,066,000 frs., 981 new loans for 3,644,702 frs. were granted in the year, that is, an average of 3,715 frs. per loan. In two years 1,155 farmers received loans for 4,596,692 frs.

After having remarked the excessive demand for loans on the part of the farmers, a demand exceeding the amount of funds at the disposal of the banks, the Ministerial Report reminds those concerned that the law of March 19th., 1910 did not intend to make these banks mortgage bankers for all farmers in difficulties, or desirous of enlarging their farms, but its essential object was to place at the disposal of young, hard working and honest farmers, who desire to dedicate themselves to the cultivation of the soil, the means enabling them to constitute for themselves a little farm, putting them in a position to have a family and provide for its needs. In order to conform to the spirit of the law, says the Report, the regional banks may only lend their assistance when they are sure that their intervention will have the result of preserving a family for agriculture, founding or consolidating a small farm. The credits placed at the disposal of the Government for the purpose are besides limited : so the Minister reminds us that he has occupied himself with increasing the resources for the purpose by passing a special law to that effect.

Summarising the various operations of the regional banks we have a total amount of more than 138 millions distributed as follows :

(1) Advances to local banks	132,211,578 frs.
(2) Advances on long term to co-operative societies	2,364,280 „
(3) Loans on long term to farmers	3,644,703 „

Total 138,220,550 frs.

4. *General Expenses. Reserve Fund.*

The *general expenses* of the regional banks amounted altogether to 462,579 frs., that is an increase of 105,012 frs. on last year's. This amount compared with the total amount of business done gives an average of 0.334 % loans against 0.318 % in 1910. The system of State inspection has drawn the attention of the managers of several regional banks to the necessity of keeping a check on the increase of expenditure, not always justifiable.

The reserve funds have increased by 1,130,248 frs., rising from 3,749,689 frs. to 4,879,937 frs.

§ 3. *Local Banks.*

We know that the local banks have to give small agricultural credit on short term to their members, using for the purpose not only their own funds but also the advances granted to them by the regional banks.

In the course of 1911 their number increased by 608, reaching the figure of 3,946 with 185,552 members.

Their *subscribed capital* amounted to 18,158,458 frs. or about 4 million more than in 1910. Their paid up capital was 11,784,017 frs.

The local banks, have, even more than their federations, been affected by the demand for money, created among the farmers by defective harvests and the losses that have decimated their flocks. They have had to meet this demand and have been of considerable service to agriculture.

The amount of *loans* granted by them was 82,540,623 frs. or 12 millions more than in 1910.

They received 72,924,328 frs. in *repayments*.

The following table gives statistics of the progress realised by the local banks.

Particulars	1910	1911	Difference in favour of 1911
Number of local banks	3,338	3,946	608
Number of members	143,751	185,552	41,801
Subscribed capital frs	14,210,598	18,158,458	3,947,860
Paid up capital.	9,916,611	11,784,017	1,867,406
New short term loans granted during the year (not including renewals) . .	70,533,340	82,540,623	12,007,283
Loans current at the end of the preced- ing year	42,671,323	51,983,588	9,312,265
Total . . .	113,204,663	134,524,211	21,319,548
Repayments	61,221,075	72,924,328	11,703,253
Loans current on December 31st . . .	51,983,588	61,599,883	9,616,295

The *reserve funds* have increased from 1,537,440 frs. to 2,006,348 frs.
The Report referred to does not mention the deposits in these banks.

APPENDIX. — Return of Agricultural Co-operative Societies that had received Long Term Advances on December 31st, 1911.

Co-operative Societies according to their Object	Capital	Number of Members	Advances Granted				Rate of Interest
			1908	1909	1910	1911	
	fr.	c.	fr.	fr.	fr.	fr.	%
<i>Dairies.</i>							
Co-operative Dairy, Ancourt (Seine-Inférieure)	40,000.—			»	80,000	»	2.—
Co-operative Dairy, Beaumont-Hague (Manche)	25,000.—		»	»	50,000	»	2.—
Co-operative Dairy, Bleré (Indre-et-Loire)	46,520.—		»	»	53,000	»	2.—
Co-operative Dairy, Burle (Charente-Inférieure)	8,000.—		»	»	16,000	»	2.—
Co-operative Dairy, Bourg-Argental (Loire)	44,000.—		»	»	25,000	»	2.—
Co-operative Dairy, Casteljaloux (Lot-et-Garonne)	10,000.—		»	»	»	20,000	2.—
Co-operative Dairy of the Centre Orléanais at Fay-aux-Loges (Loiret)	23,725.—		»	»	30,000	«	2.—
Co-operative Dairy, Chauvigny (Vienne)	26,000.—		»	50,000	»	»	2.—
Co-operative Dairy, Chissey (Jura)	5,430.—		»	»	8,500	»	1.50
Co-operative Dairy, Clermont (Oise)	22,600.—		20,000	»	»	»	2.—
Co-operative Dairy, "La Mélusine", Cloué (Vienne)	50,000.—		»	»	»	75,000	2.—
Co-operative Dairy, Crosville-sur-Scie (Seine-Inférieure)	25,000.—		50,000	»	»	»	2.—
Dairy of the Valley of the Armanche, Davrey (Aube)	92,500.—		»	»	»	50,000	2.—

Co-operative Dairy, Ducey (Manche) . . .	25,000.—	54	„	„	„	„	50,000	10	2.—
Co-operative Dairy, Dunois (Eure-et-Loir) .	63,000.—	82	„	„	„	40,000	„	15	2.—
Co-operative Dairy, Echiré (Deux-Sèvres) .	53,380.—	754	„	80,000	„	„	„	10	2.—
Co-operative Dairy of the region of Evreux (Eure)	41,100.—	266	„	„	„	82,200	„	12	2.—
Co-operative Dairy of Gault-Saint-Denis (Eure-et-Loir)	30,050.—	207	„	„	„	„	60,000	15	2.—
Co-operative Dairy of Grilly (Ain)	15,000.—	75	„	„	„	26,000	„	15	2.—
Co-operative Dairy of Hauterives (Drôme) .	29,105.25	700	„	„	„	40,000	„	10	2.—
Co-operative Dairy of Haut-Var at Guil- laume (Alpes-Maritimes)	10,000.—	192	„	„	„	20,000	„	15	2.—
Co-operative Dairy of Juaye-Mondaye, (Cal- vados)	30,000.—	80	„	„	60,000	„	„	12	2.—
Co-operative Dairy of la Senlles at Carcagny (Calvados)	26,100.—	88	„	„	„	„	50,000	15	2.—
Co-operative Dairy, "La Lexovienne" at Mesnil-Guillaume (Calvados)	21,025.—	103	„	„	„	„	40,000	15	2.—
Co-operative Dairy, Lezay (Deux-Sèvres) .	26,000.—	1,046	„	„	„	„	47,000	5	2.—
Co-operative Dairy, Lyons-la-Forêt (Eure) .	50,000.—	110	„	„	70,000	30,000	„	15	2.—
Co-operative Dairy of the Canton of Melle (Deux-Sèvres)	31,000.—	512	„	46,150	„	„	„	5	2.—
Co-operative Dairy of Montreuil-l'Argillé (Eure)	31,740.—	225	„	„	„	60,000	„	15	2.—
Co-operative Dairy of Noiron (Vienne) . . .	50,000.—	258	„	„	„	„	45,000	15	2.—
Co-operative Dairy of Orbigny (Indre-et- Loire)	21,520.—	516	„	„	„	30,000	„	10	2.—
Co-operative Dairy of Périers (Manche) . .	50,900.—	317	„	„	„	100,000	„	10	2.—

Co-operative Societies according to their Object	Capital fr. c.	Number of Members	Advances Granted					Rate of Interest %
			1908	1909	1910	1911	Term years	
Co-operative Dairy of the Plaine-Saint-André (Eure)	50,000.—	332	„	„	100,000	„	10	2.—
Co-operative Dairy of Pont-Audemer (Eure)	28,000.—	220	„	„	56,000	„	15	2.—
Co-operative Dairy of Pailboreau (Charente- Inférieure)	5,000.—	44	„	„	„	10,000	10	2.
Dairy of Ronsenac	11,309.55	239	12,000	„	„	„	10	2.—
Co-operative Dairy of la Roya at Breil (Alpes Maritimes)	13,250.—	73	„	„	25,000	„	15	2.—
Co-operative Dairy of Vars (Charente) . . .	15,000.—	105	„	25,000	„	„	12	2.—
Co-operative Dairy of Verneuil (Indre-et Loire)	50,440.—	712	„	„	97,580	„	10	2.—
Co-operative Dairy of Nollevall (Seine-In- férieure)	40,000.—	44	„	75,000	„	„	10	2.—
Co-operative Dairy of Sancheville (Eure-et- Loir)	30,000.—	148	„	„	„	60,000	15	2.—
Co-operative Dairy of Villiers-au-Bouin (Indre- et-Loire)	36,325.—	420	„	„	„	60,000	5	2.—
<i>Fruitières and Cheese Factories</i>								
Fruitière of Amancy (Haute-Savoie)	10,600.—	22	„	„	6,000	„	15	2.—
Fruitière of Archamps (Haute-Savoie) . . .	33,000.—	83	„	„	„	66,000	15	2.—
Fruitière of Arthaz-Pont-Notre-Dame (Hau- te-Savoie)	12,342.—	150	„	„	20,000	„	15	2.—
Fruitière of Barretaine (Jura)	2,500.—	34	„	„	„	5,000	10	1.50

Fruitière of Bons, (Haute-Savoie)	15,000.—	150	»	»	»	25,000	15	2.—
Fruitière of Bornettes at Saint-Pierre-de-Rumilly (Haute-Savoie)	10,504.—	80	»	»	»	20,000	15	2.—
Fruitière of Brétigny (Ain)	10,000.—	33	»	10,000	»	»	12	2.—
Fruitière of Carroz à Araches (Haute-Savoie)	11,440.—	53	»	»	»	22,800	15	2.—
Fruitière of Chappes (Haute-Savoie)	12,000.—	32	»	»	»	24,000	15	2.—
Fruitière of Challes-la-Montagne (Ain)	6,000.—	60	»	»	12,000	»	15	2.—
Fruitière of Challes-les-Eaux (Savoie)	9,000.—	65	»	»	18,000	»	15	2.—
Fruitière of Charvonnex (Haute-Savoie)	10,000.—	40	»	»	20,000	»	15	2.—
Fruitière of la Champagne (Haute-Savoie)	9,600.—	32	»	»	»	19,000	15	2.—
Fruitière of Châblé (Haute-Savoie)	7,500.—	33	»	»	»	15,000	15	2.—
Fruitière of Chevrier (Haute-Savoie)	16,000.—	50	»	»	»	32,000	15	2.—
Fruitière of Chevry-Dessous (Ain)	11,000.—	35	»	5,200	»	»	12	2.—
Fruitière of Chevry-Prot (Ain)	15,000.—	73	»	»	»	6,000	12	2.—
Fruitière of Chindrieux (Savoie)	10,000.35	71	»	20,000	»	»	12	2.—
Fruitière of Collonges-sous-Salève (Haute-Savoie)	4,000.—	26	»	»	8,000	»	15	2.—
Fruitière of Contrevoz (Ain)	4,600.—	46	»	»	»	9,000	15	2.—
Fruitière of Desingy (Haute-Savoie)	8,100.—	117	»	»	»	16,000	15	2.—
Fruitière of Eloise, (Haute-Savoie)	10,000.—	32	»	»	»	20,000	15	2.—
Fruitière of Fillings (Haute-Savoie)	15,000.—	81	»	»	»	30,000	15	2.—
Fruitière of la Forge-Neydens (Haute-Savoie)	12,000.—	29	»	»	22,000	»	15	2.—
Fruitière of Germagny (Haute-Savoie)	13,140.—	58	»	»	»	18,000	15	2.—

Co-operative Societies according to their Object	Capital	Numbers of Members	Advances Granted				Rate of Interest
			1908	1909	1910	1911	
	fr. c.		fr.	fr.	fr.	fr.	%
Fruitière of Habère-Lullin (Haute-Savoie) .	28,000.—	83	»	»	»	50,000	2.—
Fruitière of Habère-Poche (Haute-Savoie) .	15,000.—	44	»	»	»	30,000	2.—
Fruitière of Lancrans (Ain)	15,000.—	87	»	»	9,600	»	2.—
Fruitière of la Contrat (Haute-Savoie) . . .	14,000.—	43	»	»	»	28,000	2.—
Fruitière of l'Eculaz (Haute-Savoie)	12,820.—	46	»	»	»	25,000	2.—
Fruitière of la Muraz (Haute-Savoie)	11,000.—	35	»	»	»	22,000	2.—
Fruitière of les Mouilles at Neydens (Haute-Savoie)	11,000.—	36	»	»	»	22,000	2.—
Fruitière of la Rivière-Chézery (Ain)	30,300.—	26	»	»	10,000	»	2.—
Fruitière of Lathoy (Haute-Savoie)	3,500.—	24	»	»	6,500	»	2.—
Fruitière of Crys (Haute-Savoie)	12,000.—	38	»	»	24,000	»	2.—
Fruitière of Marnaz (Haute-Savoie)	9,000.—	52	»	»	18,000	»	2.—
Fruitière of Marais (Haute-Savoie)	15,140.—	65	»	»	»	25,000	2.—
Fruitière of Marin (Haute-Savoie)	7,000.—	26	»	»	»	13,000	2.—
Fruitière of Meythet-Gillon-Brassilly (Haute-Savoie)	15,000.—	36	»	»	25,000	»	2.—
Fruitière of Menthonnex-en-Bornes (Haute-Savoie)	16,000.—	54	»	»	32,000	»	2.—
Fruitière of Mouchard (Jura)	6,700.—	26	»	»	13,000	»	1.50
Fruitière of Murcier-Savigny (Haute-Savoie)	19,683.—	52	»	»	»	20,000	2.—
Fruitière of Noiret, Fechy et Rouzier (Haute-Savoie)	13,760.—	41	»	»	»	27,500	2.—
Fruitière of Pouigny (Ain)	7,000.—	77	»	»	»	14,000	2.—

Fruitière of Pré-Crémé (Haute-Savoie) . . .	6,000.—	72	»	»	»	12,000	15	2.—
Fruitière of Préglin (Ain)	2,500.—	43	»	4,000	»	»	12	2.—
Fruitière of Présilly (Haute-Savoie)	21,000.—	40	»	»	34,000	»	15	2.—
Fruitière of Rassier (Haute-Savoie)	12,000.—	80	»	»	»	15,000	12	2.—
Fruitière of Sappey (Haute-Savoie)	10,000.—	30	»	»	»	20,000	15	2.—
Fruitière of Saint-Sylvestre (Haute-Savoie)	9,180.—	34	»	»	»	16,000	15	2.—
Fruitière of Sales (Haute-Savoie)	14,000.—	35	»	»	26,000	»	15	2.—
Fruitière of Saint-Jean-de-la-Porte (Savoie) .	10,100.—	67	»	»	20,000	»	15	2.—
Fruitière of Scionzier (Haute-Savoie) . . .	13,379.—	117	»	»	»	26,000	15	2.—
Fruitière of Seyssel (Haute-Savoie)	36,118.—	176	»	»	»	14,000	15	2.—
Fruitière of Thuet at Pontchy (Haute-Sa- voie)	8,602.—	61	»	»	»	16,000	15	2.—
Fruitière of Valleiry (Haute-Savoie)	30,750.—	55	»	»	60,000	»	15	2.—
Fruitière of Vers (Haute-Savoie)	15,520.—	67	»	»	25,000	»	15	2.—
Fruitière of Ville-en-Sallaz (Haute-Savoie) .	14,000.—	72	»	»	»	28,000	15	2.—
Fruitière of Villard-sur-Boège (Haute-Sa- voie)	23,100.—	69	»	»	45,000	»	15	2.—
Fruitière of Vouvray Ochiaz (Ain)	10,500.—	75	»	»	»	20,000	15	2.—
Fruitière of Vovray (Haute-Savoie)	4,000.—	28	»	»	8,000	»	15	2.—
<i>Wine Sociétés</i>								
Co-operative Wine Society of Arbois (Jura) .	5,000.—	29	»	10,000	»	»	15	2.—
Co-operative Wine Society of Bassan (Wine- growers of) (Hérault)	10,100.—	97	»	20,000	»	»	20	2.—
Co-operative Wine Society of Besse (Var) . .	27,000.—	155	»	»	24,000	30,000	20	1.50

Co-operative Societies according to their Object	Capital fr. c.	Number of Members	Advances Granted				Rate of Interest %
			1908	1909	1910	1911	
			fr.	fr.	fr.	fr.	years
Co-operative Wine Society of Bompas (Py-rénées Orientales)	40,000.—	285	»	80,000	»	»	20
Co-operative Wine Society of Bras (Var) . .	14,000.—	123	»	28,000	»	»	15
Co-operative Wine Society of Brue-Auriac (Var)	16,400.—	46	»	16,400	»	»	15
Co-operative Wine Society of Cabrières-d'Aigues (Vaucluse)	2,000.—	31	»	»	4,000	»	15
Co-operative Wine Society of Camps (Var) .	11,675.—	105	23,000	»	»	»	20
Co-operative Wine Society, la Carquoise, at Carcès (Var)	26,600.—	138	»	»	53,200	»	20
Co-operative Wine Society of Colomblers (Hérault)	11,100.—	37	10,000	10,000	»	»	10
Co-operative Wine Society of Espira-de-l'Agly (Py-rénées-Orientales)	36,200.—	71	»	»	50,000	22,400	20
Co-operative Wine Society of Estagel (Py-rénées-Orientales)	40,000.—	241	»	»	80,000	»	20
Co-operative Wine Society of Frontignan (Hérault)	25,000.—	139	»	»	50,000	»	20
Co-operative Wine Society of Gaillac (Ab-baye Saint-Michel) (Tarn)	100,000.—	170	»	»	85,000	»	20
Co-operative Wine Society of La Garde (Var)	12,000.—	135	24,000	»	»	»	25
Co-operative Wine Society of Gironde (Sale of wines of)	11,700.—	42	»	22,000	»	»	20
Co-operative Wine Society of Gignasservis (Var)	7,342.50	64	»	»	14,685	»	20
Co-operative Wine Society of Haute-Garonne at Toulouse	50,000.—	72	100,000	»	»	»	25
Co-operative Wine Society of Lansargues "la Vigne de" (Hérault)	8,000.—	8	»	»	15,000	»	15

Co-operative Wine Society of Lézignan (Aude)	48,000.—	296	»	48,000	48,000	»	20	2.—
Co-operative Wine Society of Marsillargues (Hérault)	30,000.—	87	»	»	44,000	»	15	2.—
Co-operative Wine Society of Montigny-lès-Arures (Jura)	7,500.—	21	»	»	15,000	»	15	1.50
Co-operative Wine Society of Maury (Pyrénées Orientales)	30,000.—	129	»	»	»	60,000	20	2.—
Co-operative Wine Society (Vinedressers of Montagnac) Hérault	20,000.—	77	»	»	»	34,650	10	2.—
Co-operative Wine Society of Nîmoules (Var)	8,500.—	56	»	8,000	»	9,000	20	1.50
Co-operative Wine Society of Poligny (Jura)	13,534.—	43	»	»	27,068	»	15	2.—
Co-operative Wine Society of Pupillin (Jura)	5,500.—	34	»	»	10,000	»	15	2.—
Co-operative Wine Society of Seillons (Var)	9,500.—	57	»	»	19,000	»	15	1.50
Co-operative Wine Society of Siran, "Vinedressers", (Hérault)	6,850.—	41	»	»	»	13,000	15	2.—
Co-operative Wine Society of Saint-Georges-d'Orques, "Superior Vineyards" (Hérault)	43,675.—	86	»	26,500	»	46,500	11	2.—
Co-operative Wine Society of Saint-Tropez (Var)	16,475.—	215	»	20,000	»	10,750	20	1.50
Co-operative Wine Society of Villelongue de la Salanque (Pyrénées-Orientales)	35,000.—	140	»	»	»	70,000	20	2.—
<i>Wine and Oil making Societies</i>								
Agricultural Co-operative Society of Coli-gnac (Var)	22,925.—	145	»	45,000	»	»	20	1.50
Co-operative Society, "Travaillouse of Cognac" (Var)	10,625.—	92	»	21,250	»	»	20	1.50
Co-operative Society, "Solidarité des Travaillours d'Entrecaux" (Var)	5,000.—	51	»	»	10,000	»	15	1.50
Co-operative Society of Montfort-sur-Arzens (Var)	3,500.—	58	»	»	7,000	»	15	1.50

Co-operative Societies according to their Object	Capital fr. c.	Number of Members	Advances Granted					Rate of Interest %
			1908	1909	1910	1911	Term years	
Co-operative Society, "La Montfortaise" at Montfort-sur-Argens (Var)	30,800.—	133	"	20,000	"	41,000	20	1.50
Co-operative Oilmaking Society of Martigues (Bouches-du-Rhône)	10,000.—	96	"	"	"	20,000	15	2.—
<i>Oilmills</i>								
Co-operative Oilmills of Flayosc (Var) . . .	10,362.50	157	"	12,000	"	"	20	1.50
Co-operative Grasse Oilmills at Grasse (Al- pes-Maritimes)	19,500.—	86	"	30,000	"	"	20	2.—
Co-operative Oilmills of Lambesc (Bouches- du-Rhône)	2,000.—	80	"	4,000	"	"	15	2.—
Co-operative Oilmills of Levens and Neigh- bouring Communes (Alpes-Maritimes). . .	16,000.—	231	"	16,000	"	"	15	2.—
Co-operative Oilmills of the Nîmes Region (Gard)	19,050.—	535	"	"	"	35,000	20	2.—
Co-operative Oilmills, La Roquebrussanne (Var)	3,125.—	35	"	"	6,250	"	15	1.50
<i>Distilleries</i>								
Distillery of the Vinedressers of Aniane (Hérault)	15,010.—	83	"	"	"	30,000	20	2.—
Distillery of Anneville-sur-Scie (Seine-Infé- rieure)	70,000.—	42	"	"	140,000	"	15	2.—
Distillery of Raffetot (Seine-Inférieure) . .	66,500.—	29	100,000	"	30,000	"	13	2.—
Distillery of Vaudoué (Seine-et-Marne) . . .	96,300.—	43	95,025	"	"	"	24	2.—

Distillery of Bizanet (Aude)	23,160.—	146	21,600	24,720	15	2.—
Distillery of Fabrezan (Aude)	17,340.—	55	34,680	15	2.—	
Distillery of Fleury-d'Aude (Aude)	15,000.—	64	21,660	20	2.—	
Distillery of Lespignan (Hérault) "La Vigneronne"	16,300.—	155	20,000	12	2.—	
Distillery of Moussan (Aude)	8,250.—	82	16,000	10	2.—	
Distillery of Cherries, Marlotte-de-Mouthier (Doubs)	3,500.—	30	5,000	15	1.50	
Distillery of Nébian (Hérault)	17,000.—	23	34,000	20	2.—	
Distillery of Olonzac (Hérault), "La Minervoise"	17,480.—	172	26,220	20	2.—	
Distillery of Poussan (Hérault)	7,060.—	153	14,000	20	2.—	
Distillery of Puissalicon (Hérault)	21,925.—	100	43,000	20	2.—	
Distillery of Roujan (Hérault)	10,500.—	54	21,000	20	2.—	
Distillery of Saint-Genis Terre-noire (Loire)	2,125.—	44	3,400	10	2.—	
Distillery of the Valley of la Suippe (Marne)	105,000.—	99	210,000	15	2.—	
Distillery of Saint-Georges-du-Bois (Charente-Inférieure)	12,000.—	25	22,800	20	2.—	
Distillery of the Affiliated Society of the Syndicate of Winegrowers of the Charentes, at Saintes, (Charente-Inférieure)	15,000.—	75	24,000	20	2.—	
Societies for Collective Purchase and Utilisation of Agricultural Machinery and Implements.						
Threshing Society of Alairac (Aude)	4,760.—	26	8,000	8	2.—	
Threshing Society of Aigrefeuille (Charente-Inférieure)	4,700.—	30	8,500	10	2.—	
Threshing Society of Beaurepaire (Isère)	4,500.—	12	9,000	10	2.—	

Co-operative Societies according to their Object	Capital fr. c.	Number of Members	Advances Granted				Rate of Interest %
			1908	1909	1910	1911	
			fr.	fr.	fr.	fr.	years
Threshing Society of Cadouin (Dordogne) . .	3,000.—	37	»	6,000	»	»	10
Threshing Society of Chauvay (Deux-Sèvres)	3,350.—	12	»	»	6,572	»	9
Threshing Society of Cheny (Yonne) . . .	3,500.—	48	»	6,840	»	»	10
Threshing Society of les Corvées and Bois- le Roi at Vernouillet (Eure-et-Loir) . . .	840.—	27	»	»	»	1,000	5
Threshing Society, la Fraternelle, of Douces (Maine-et-Loire)	500.—	7	»	»	»	1,000	10
Society for Purchase and Utilisation of Agricultural Implements of Dreux-Sud (Eure-et-Loir)	380.—	16	»	»	»	760	10
Threshing Society of the Enclave of la Mar- tinière (Deux-Sèvres)	3,765.—	21	»	7,350	»	»	9
Threshing Society of Forges-d'Aunais (Cha- rente-Inférieure)	4,800.—	28	»	»	9,000	»	10
Threshing Society of Issigeac (Dordogne) .	5,450.—	36	»	8,000	»	»	10
Threshing Society of Jasseron (Ain)	2,100.—	61	»	»	4,200	»	10
Threshing Society of Laurière (Haute-Vienne)	2,200.—	47	»	4,400	»	»	10
Threshing Society of Léviss (Yonne)	2,350.—	21	»	»	»	3,600	10
Threshing Society of Monthoiron (Vienne) . .	2,825.—	47	»	5,000	»	»	10
Threshing Society, "La Haute Loire" at le Puy (Haute-Loire)	10,000.—	24	»	8,500	11,500	»	15
Threshing Society of Quenne (Yonne) . . .	1,700.—	24	»	3,400	»	»	10
Threshing Society of Saint-Maxire (Deux- Sèvres)	2,675.—	32	»	»	»	5,350	10
Threshing Society of Saint-Uze (Drôme) . .	1,750.—	29	»	»	3,500	»	10
Threshing Society of Thiré (Vendée)	10,600.—	45	»	»	10,600	»	10

Society for Purchase of Agricultural Machines of Tréon (Eure-et-Loir)	220,—	11	"	"	"	440	5	2—
Threshing Society, Union de Gript, (Deux-Sèvres)	4,600,—	47	"	"	"	9,200	10	2—
Threshing Society of Watten (Nord)	3,400,—	9	"	6,600	"	"	10	2—
Threshing Society of Villemer (Yonne)	2,860,—	56	"	"	5,680	"	10	2—
Threshing Society of Vouneuil-sous-Biard (Vienne)	4,094,—	23	"	"	"	6,000	10	2—
<i>Starch Factories</i>								
Starch Factory of Ban-de-Laveline (Vosges)	54,000,—	264	"	12,000	"	"	20	2—
Starch Factory of Goro (Vosges)	20,000,—	92	40,000	"	"	"	25	2—
<i>Miscellaneous Co-operative Societies</i>								
Society of Alimentation of Bram (Aude)	42,925,—	5	55,000	"	"	"	24	2—
Society of Thoroughbred Horse Improvers of Chantilly (Oise)	90,000,—	9	"	"	"	100,000	15	2—
Agricultural Mills of Condom (Gers)	30,135,—	622	50,000	"	"	10,000	13	2—
Agricultural Co-operative Flaxgrowers' Society of the Department of Vosges at Epinal	7,500,—	57	15,000	"	"	"	20	2—
Society of Flower Cultivators of Grasse (Alpes-Maritimes)	20,000,—	87	"	40,000	"	"	15	2—
Transport Society of May-en-Multien, le Plessis-Placy, and Lizy-sur Ourcq, (Seine-et-Marne)	94,800,—	24	"	150,000	"	30,000	13	2—
Sugar Factory of Morigny (Seine-et-Oise)	50,000,—	151	100,000	"	"	"	25	2—
Mutual Cheese Factory of le Gâteau at Saint-Loup (Deux-Sèvres)	40,000,—	250	"	"	"	80,000	10	2—
Co-operative Sauer-Kraut Factory of the Lyonnais Region at Rillieux (Ain)	68,970,—	209	"	137,940	"	"	17	2—
Total	4,114,386.15	24,187	964,325	1,157,250	2,284,265	2,364,280		

CO-OPERATION AND ASSOCIATION

ITALY.

I. — RECENT NEWS.

1. State Intervention in regard to Agricultural Organisation.

1. — **Results of a Competition among the Agricultural Banks of Sicily.** — This competition was opened by Ministerial Decree on November 8th., 1911, in conformity with article 24 of the Law No. 100 of March 29th., 1906, by which a department for the exercise of agricultural credit was founded in the Bank of Sicily.

That article, in fact, prescribes that the Department of Agriculture should open two competitions every year; one among the agricultural consortiums or agricultural societies to be constituted under the form of co-operative societies with initial capital of at least 10,000 frs. fully paid up; the other among the agricultural banks constituted as societies of collective title with unlimited liability.

The judges, in examining and judging the claims of the competing institutes, acted, as is seen in their report published in the *Gazetta Ufficiale del Regno d'Italia*, No. 200, of August 24th., 1902, in accordance with the following principles. They considered all unlimited liability co-operative societies, whatever their title and the other functions exercised by them, as qualified to compete, provided they conducted agricultural credit operations in money or in kind, in terms of the law of March 29th., 1906. (1) As the foundation on which to base their judgment they took the importance of the association and the extension of its agricultural credit operations, relatively to the population of the commune in which the so-

(1) *Bulletin of Economic and Social Intelligence* January, 1912. p. 177.

ciety has its headquarters and where it works, and considered from the double point of view of the number of operations conducted and their amount, so as to be able to measure by this means the degree in which the credit is divided. Finally, account was taken of the other functions of the society, when their object was the progress of agriculture, but that only in a secondary degree, and exclusively in order to classify the institutes which, considered in regard to the exercise of agricultural credit, seemed to have equal merit.

After having, in conformity with these principles, examined the documents of the 19 institutes admitted to the competition, the commission made the following proposals for the award of the prizes.

(Ist) that the single first prize of 2,000 frs. be awarded to the *Adranitic Agricultural Co-operative Society* of Adermò, in the province of Catania, which, though of recent foundation, has none the less given a vigorous impetus to operations of agricultural credit for working farms, under the most varied forms it can assume, granting loans in kind and in money, among which may be mentioned numerous loans for the purchase of animals, advances on deposit of agricultural produce, and purchase in large quantities of farm requisites for resale to members; and has besides rented, for subdivision in lots among members, an estate of about 450 hectares, for the amount of 20,000 frs. per ann.;

(IIInd) That the three second prizes, of 1,000 frs. each be awarded to the following societies.:

(a) *Rural Loan Bank* of Ficcarazzi, in the province of Palermo, which, in a comune of less than 4,000 inhabitants, has over 300 members and has distributed 600,000 frs. annually among the farmers in the last three years in small agricultural loans of about 300 frs. each;

(b) *Agricultural Co-operative Society* of S. Cipirello, in the province of Palermo, which, in a commune of scarcely 4,000 inhabitants, has more than 100 members, granted in 1911 570 agricultural loans of an average amount of less than 200 frs., has made large purchases of phosphate for distribution among members and has rented two estates for the yearly sum of 33,960.35 frs., subdividing them among 150 farmers;

(c) *Agricultural Co-operative Bank* of Raffadali, province of Girgenti, which, while noteworthy for the number of its members and its distribution of credit, deserves special consideration for having reduced the rate of interest on loans, which is usually 6 %, to 5½ %;

(IIIrd) That third prizes of 500 frs. each be awarded to the following seven societies on the score of the number of their members, the extent of their operations, or their good organization:

Agricultural Co-operative Society for Credit, Production and Labour, "*La Viticola*," in Balestrate, Province of Palermo.

Agricultural Co-operative Society, "*Consorzio Agrario*," Pietraperzia, province of Caltanissetta.

Agricultural Co-operative Bank in Racalmuto, Province of Girgenti.

Agricultural Society for Production and Labour in Reitano, Province of Messina.

Agricultural Bank, "*Conte di Torino*", in Sortino, province of Syracuse.

Agricultural Loan Bank in Sutera, Province of Caltanissetta.

Agricultural Co-operative Society for Production and Labour in Villalba, province of Caltanissetta.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, n° 200, August 24th., 1912)

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2. — **Prize Competitions among Co-operative Fishermen's Societies and Institutions and Private Persons, Encouragers of the National Pisciculture.** — By Royal Decrees of August 12th., and 19th., 1912 two important prize competitions were opened. The first among the following kinds of society :

(a) Co-operative Societies for Production and Labour among fishermen, registered for naval service, and for similar societies of fresh water fishermen.

(b) Fishermen's Societies or Mixed Societies of Fishermen and others, for the collective exercise of sea or fresh water fishing, distributing their profits equally among their various members.

(c) Societies, associations, consortiums and similar institutions of fishermen or in part of fishermen and in part of others, which also, independently of the fishing, occupy themselves with the improvement of the economic and moral conditions of the fishermen, and the protection of their persons as well as their sanitary conditions and make provision for the various forms of assistance and thrift in behalf of fishermen and their families.

(d) Fishermen's societies, or mixed societies of fishermen and others, that by the sale of their fish assure the greatest economic advantages to the fishermen.

The societies and other institutions competing must have realised their social ends, not have worked less than a year and be regularly constituted in the forms contemplated either by the commercial of the civil code or by the law on mutual aid societies.

The prizes to be awarded amount altogether to a hundred thousand frs., divided as follows : in the first group of societies, 19,000 frs., the second group, 46,000 frs.; the third, 21,000 and the fourth, 14,000 frs.

In awarding the prizes, preference will be given to those societies that have worked in the interest of a large group of fishermen; have conducted or conduct the collective sale of the fish, for the benefit of the fishermen; have facilitated in the best manner possible the transport of the fish; have adopted co-operative principles; and have registered their members in the National Thrift Institute for Sickness and Old Age of Labourers, etc.

The second competition, opened by Decree of August 19th., is justified by the utility of encouraging and extending the work of pisciculture in increasing the stock of fish in lakes and rivers belonging to the State or private persons.

The competition is open to private persons as well as to co-operative fishermen's societies, fishing and piscicultural societies regularly constituted, and *Agricoltura Comizi*, municipalities and other institutions, as, for example, chambers of agriculture, etc.

Prizes will be awarded:

(A) To competitors providing for the restocking of Government lakes and rivers;

2 first prizes, consisting each of a certificate, a gold medal and 1,000 frs.

3 second prizes, of a gold medal and 500 francs each;

6 third prizes, of a silver medal and 300 francs each.

(B) To competitors providing for the restocking of private lakes and rivers;

2 first prizes, of a certificate, a gold medal and 500 frs. each;

3 second prizes, of a gold medal and 300 frs. each;

6 third prizes, of a silver medal and 200 frs. each.

Other things being equal, preference will be given to co-operative societies.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, No. 221, September 18th., 1912).

2. Miscellaneous Information.

1. — **The 3rd. National Congress of Rural Co-operative Societies (Collective Farms).** — This Congress, organized by the National League of Italian Co-operative Societies, was held in Rome from the 20th. to the 22nd. September, Signor Luigi Luzzatti in the chair. In opening the congress, he reminded his hearers, first of all, that four years ago, on May 3rd., 1908, a meeting of delegates and men of technical experience, was held, the object of which was to consider the most suitable steps to be taken for the development of collective farming. On that occasion, a bill had been drafted, establish-

ing as a principle that the farms of the State, the provinces, and communes might be granted, after sale by auction or private arrangement to agricultural co-operative societies legally constituted by farmers offering a sufficient guarantee of solvency. These co-operative societies were exempted for the first fifteen years from income tax and in addition obtained certain other temporary facilities from the Treasury. This bill had now to be completed. The Hon. Signor Luzzatti indicated the method. It would consist in authorizing the concession to the associated peasants of land improved by drainage and originally bought by the State, that is, its concession to societies of those labourers who have contributed to the transformation of the land in question. Nor must they be left without the assistance of credit. It was intended, to found the *Bank of Co-operation and Labour* in order to give it them(1). Collective farming requires three forms of credit. One is the ordinary form, the personal agricultural credit granted to the farmer which can also be obtained by the collective farm. There is then an intermediate form of credit, not entirely land nor entirely agricultural credit. It is a credit the amount of which is not permanently invested in the land, but is repaid more slowly than personal credit. There is, finally, an operation of real redemption in which credit must give its assistance, that is, when the collective farm has for its object the purchase of the land to the cultivation of which the labourers devote themselves. This form of credit "must have its land bonds, like the land credit institution which conducts larger operations: it must have them, for it is not the larger or smaller loan, or its concession to labourer or capitalist, which shows the solidity of the land credit, but the guarantee offered which may be very solid when represented by land entrusted to collective farms."

On the termination of the opening speech, in which so many interesting considerations were expressed, the congress passed on to the agenda. The Hon. Massimo Samoggia spoke first, presenting his report on *Credit and the Farm Contract*.

As regards *credit*, after having recognised the most urgent need of collective farms, the Congress first of all expressed its opinion that it was for the State to provide for it by means of the institutes it may consider best adapted for the purpose. In the second place, credit must be granted to all those who "show they deserve it," when a technical and administrative council has explained its uses and a service of supervision has been organised. In addition, the term for the credit, the rate of interest and

(1) We know, in fact, that the *Bank of Co-operation and Labour*, the foundation of which was proposed by L. Luzzatti, had already at that date a capital of 22 millions. See in this connection our article in the *Bulletin of Economic and Social Intelligence*, September 30th, 1910. p. 307.

other conditions, must meet the requirements of the moment and the surroundings.

Adhering to the desire of the Sicilian collective farms, the Congress carried by acclamation a special resolution, presented by the Hon. Signor Luzzatti and Signori Mormino and Montalto in which desire was expressed that the Government consent to accept and as soon as possible to present to Parliament in form of a bill, the desires of the Commission instituted on the proposal of the Chamber of Deputies, for credit for improvements for the Sicilian Agricultural Co-operative Societies as well as a credit for the purchase of latifondi and their division in lots.

With regard to the *farm contract* many desires were expressed amongst others one for the formation of commissions to decide controversies as to the amounts and terms of rent.

Signor Meuccio Ruini read an ample report on *legislation in favour of agricultural co-operation*. The proposals he made were approved in the following form:

" Farms belonging to the State, the provinces, the communes, charitable institutes and other incorporated bodies, may be leased after sale by auction or by special contract, to legally constituted agricultural co-operative labourers' societies, when they offer sufficient guarantee of solidity and solvency.

These properties may be granted to the above societies on long lease, in conformity with the rules of the Second Chapter of Law No. 140 of March 26th., 1904, for Basilicata, but not limited to 15 hectares for long lease.

Legally constituted agricultural co-operative labourers' societies shall be exempted, for the first fifteen years from the coming into force of this law, from income tax on the net profits shown in their annual accounts. Deeds relating to their operations shall be exempted from registration dues, whatever the amount of the share capital, for the period of ten years from date of their deed of constitution.

The Government has the right of establishing the limits and guarantees for the application of the present law, the rights and duties of the co-operative societies, the methods of establishing surety bonds and the criteria for determining how the agricultural co-operative labourers' societies must be composed in order to benefit by the law."

Signor Antonio Vergnanini, General Secretary of the National League of Italian Co-operative Societies, then dealt with *collective farming and unemployment*. He induced the Congress to pass a resolution in which it expressed desire that, in the amendments to be introduced into the law on land reclamation, single text of March 22nd., 1900, now in course of preparation, the principle should be affirmed of the link between the institution of reclamation and that of home settlements, as measures of public

utility against unemployment and for the development of the National wealth :

(a) by giving preference in the concessions for reclamation of land to communes and communal consortiums over consortiums of land owners and individuals ;

(b) by authorising the provinces, the communes, the consortiums and private persons to whom contracts are granted for reclamation of land to entrust the execution of the work to co-operative societies conforming to the regulations approved by Decree of February 12th., 1911 (1) determining the rules and special provisions for facilitating the awards, while keeping in mind also, in the case of land reclamation, the provisions for expropriation already in force in the Agro Romano, for the sanitary improvement of buildings in Naples, for land set aside for building, and for plans for the improvement of other towns as being the provisions best adapted for the rapid carrying out and general economy of the reclamation in question ;

(c) establishing beforehand, as a condition of the concession, special agreements with the provinces, communes, consortiums and individuals, for the creation of inalienable provincial and communal estates, to be granted on lease to agricultural co-operative societies and to consortiums in conformity with the law and for long periods in return for rent to be paid at the dates due ;

(d) reserving to the State the right to purchase for reasons of public utility a portion of the reclaimable land for institution of inalienable estates and leasing them to agricultural co-operative societies according to the conditions in the foregoing paragraph ;

(e) authorizing the provinces, and communes in which agricultural unemployment manifests itself to set aside a part of the land belonging to them or to expropriate part of it for reasons of public utility, with the object above indicated of creating agricultural estates and communities or collective farms, and procuring the provinces and communes every facility for the loans and advances necessary ;

(f) obliging the provinces, the communes, the consortiums and private persons, even in the case of contracts for reclamation of land in accordance with the amendment to the law of March 22nd., 1900, to establish in advance with the labourers labour contracts or agreements as to charges for the execution of works ;

On the last subject : *Common offices and services for collective farms*, the Hon. Signori Samoggia and Dr. Mami read a joint report, after which they embodied their proposals in a resolution which the meeting approved. Authority was given to the National League of the Co-operative Societies,

(1) See *Bulletin of Economic and Social Intelligence*, November-December, 1911. p. 57.

to the Humane Society (Milan) and to all institutions interested in agricultural co-operation, to found an office for propaganda, technical, commercial and book-keeping assistance for the exclusive advantage of the collective farm societies.

(Summarised from *Cooperazione Italiana*, organ of the *National League of Co-operative Societies*, Milan, No. 1,002, September 28th., 1912).

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2. — **Italian Farmers' Congress at Oderzo.** — *The Italian Farmers' Society*, together with the agricultural institutions of the Province of Treviso, organized a farmers' meeting on the 25th. and 26th. August. The Hon. Luigi Luzzatti opened it with an address. Then, the Hon. Giovanni Raineri presented a report on *insurance against accidents to agricultural labourers*. He reminded the Congress of the wishes expressed in regard to this by the Council of Labour and by numerous agricultural associations (1) and then went on to examine the charges on landed property that the insurance would entail. These charges would amount to about sixty or seventy centimes per hectare (2) according to the tariffs, which vary with the amount of work required for each kind of farming. Small landowners cultivating their own farms would not be compelled to provide against claims. In the case of *métairies*, the *métayers* would have only to bear two fifths of the burden. The remaining three fifths would be borne by the landowner. Small tenant farmers would be in the same position as the *métayers*.

After the matter had been discussed, the following resolution was carried :

"The Congress of Italian Farmers assembled at Oderzo, approves the ideas inspiring the Raineri-Luzzatti Bill on compulsory insurance of agricultural labourers in their work (3). It expresses the desire that the matter may be brought as soon as possible before Parliament for discussion and approval, and, meanwhile, invites the farmers of the province of Treviso and the other provinces of Venetia to found *mutual societies* for this kind of insurance, on the excellent model of those of Tuscany and the Vercelli region."

(1) See *Bulletin of Economic and Social Intelligence*, February 28th., 1911. p. 152.

(2) In the Vercelli Mutual Society the charges per hectare are 0.525 frs., and in the Florence Mutual Society, in a region of more varied cultivation, they are from 60 to 70 centimes the hectare. The farmers of the Vercelli district and of Tuscany have spontaneously engaged to insure the peasants against accidents in work, not only against those causing death and permanent invalidity, but also against those entailing temporary consequences.

(3) *Bulletin of Economic and Social Intelligence*, February 28th., 1912. p. 162.

Dr. Umberto Selan then spoke on the second point: "*Application of Modern Principles of Livestock Improvement in Venetia, in relation to the local agricultural conditions.*" He drew the attention of livestock improvers to the desirability of producing butchers' beasts, in view of the increased price of meat.

Finally, Dr. E. Jelmoni dealt with the application of the income tax to the *Bull Stations*, examining the question from the legal and economic point of view. A resolution proposed by him for approaching the Government with a view to their exemption from this tax was carried.

(Summarised from the *Bollettino della Società degli agricoltori italiani*, Rome, No. 17, September 13th., 1912).

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3. — **First National Congress of Small Landowners at Alessandria.**— This congress was held on the first of September, principally to deal with the *Programme of the Italian Association of Small Landowners*. Dr. Pugliese presented the report. He maintained the necessity of uniting all the small landowners, and training them on the basis of class organization. The association must propose to itself the improvement of the conditions of life of the cultivators of the soil, their organization in co-operative societies, their encouragement by means of credit, and the promotion of their general and technical education. He then spoke of the problems of agricultural legislation, and of the problems of taxation and local finance, in the small rural communes.

The Hon. Signor Samoggia, who also read a report, spoke of the necessity of obtaining credit for the small landowners and that on the lowest terms. And with credit there is also need of education, "for some crises are due to a want of wise technical and professional direction. Then he dealt with the advantage of extending among the peasant farmers the appreciation of co-operation and mutuality as possible causes of real and immediate advantages.

After several other speeches delivered on the subject, the following motion was put to the vote and unanimously approved :

"The National Congress of Small Landowners and Tenant Farmers : (a) affirms that class organization is the only method advisable and to be promoted in the country in order speedily to arrive at the satisfaction of the most pressing needs of the small farmers and that this organization must be above all realised in the field of co-operative and mutual societies, the object of which is to develop the sentiment of social solidarity ; (b) declares that the reform of popular education with the effective and realisable introduction of professional agricultural instruction ; the institution of popular credit to complete the work of the agricultural mutual

and co-operative societies ; the reform of the taxes in relation to the communal finances and the resources of individuals, with the principle of exemption from very small contributions ; a body of laws regulating small holdings in their formation, working and development ; as well as laws for the protection of the farming contract under its most varied forms, laws all inspired by the idea expressed under letter (a), are the legislative measures the class considers as most urgent ; (c) decides on the foundation of the Association of Small Landowners, and its adherence to the Agricultural Labourers' Federation, in order that it may contend, either by direct action, or by action in Parliament, for the various above mentioned ends in full agreement with the whole body of the proletariat of the fields and of the workshops."

Dr. Mario Casalini then presented a report on the various problems of agricultural mutuality, together with the following resolution which was unanimously approved.

"The Congress recognises the advisability and the necessity of organizing the small landholders and tenant farmers in professional associations for mutual insurance against the risks to which they are exposed, to liberate them from the oppressions of speculative companies, and to realise agricultural insurance under its various forms as economically as possible. It expresses its desire that the Small Landowners' Association should encourage in every centre, the formation of mutual cattle, fire, etc. insurance societies, and strengthen them by organizing federations for inspection and reinsurance. It also expresses its desire that the Agricultural Department may, as early as possible, present the bill it has promised, in order the better to regulate the formation, development and working of rural mutual societies."

Finally, the rules of the association were drawn up. The objects it proposes to itself are defined as follows :

(1) to defend the interests of the small landowners in the economic and political field, when not in conflict with the general interest of the mass of consumers ;

(2) to promote and establish among its members mutual institutions for insurance against professional risks, co-operative societies for production and distribution, and for credit, mutual cattle and fire insurance societies, etc. ;

(3) to regulate emigration and recruiting of labour ;

(4) to organize small domestic and agricultural industries ;

(5) to diffuse general and special culture for the improvement of agriculture ;

(6) to regulate, supervise and direct, by means of technical and accounting offices, the co-operative institutions formed by the Association or adhering to it.

Small landowners and tenant farmers cultivating their own land directly, alone or with the members of their family, may belong to the Association.

(Summarised from the *Bollettino dell'Ufficio del Lavoro*, Rome, No. 3, September, 1912.)

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4. — **Eighth Tuscan Livestock Improvers' Congress.** — This Congress was held at Leghorn from the 15th. to the 18th. August. The first subject discussed was that of *Mutual Cattle Societies*, on which Dr. E. Canevazzi presented a report. There was a very interesting discussion on the subject between those in favour of the *comunelle*, that is to say, cattle insurance societies formed among métayers on the same farm, and those preferring mutual societies properly so called. The discussion ended with the approval of the following resolution presented by Dr. Canevazzi and Prof. Prospero Ferrari :

"Considering that the *Communelle* constitute a primitive if useful form of provision against losses through death of cattle, and that they are only an advantage for métayers on large farms, seeing that they only provide for the insurance of métayers and on the other hand they are often opposed to the co-existence of other mutual societies composed of isolated livestock improvers, the Congress expresses its desire for the constitution of cattle insurance societies, founded on the following fundamental principles :

1. Collective premium calculated on the average normal value of the cattle insured, and taking into account the average increase of the animals in the term for which the contract is passed ;

2. Early payment of claims ;

3. Right of landowners and métayers to register themselves also individually in mutual insurance institutes.

It further expresses its desire that the *comunelle* may gradually improve, both in their organization and their working, so as to become the principal centres of free mutual societies, even for livestock improvers not belonging to the same farm."

With regard to *State Insurance of Butchers' Beasts*, the motion Benni-Casalini was approved. It was recognised in it that the insurance of butchers' beasts does not afford the breeders sufficient guarantee for reimbursement of losses, when undertaken by local mutual societies not federated and not reinsured and the desire was expressed for State intervention by means of a special law, by which the State shall undertake the reinsurance of butchers' beasts.

With regard to the *Sale of Milk in towns*, desire was expressed that the communes, whether large or small, should provide for the installation of special local refrigerators for storage and preservation of milk, arriving daily in the towns, either directly or by encouragement of *special co-operative institutions*, thus regulating, by rules for the purpose, the purity, preservation and distribution of this milk.

Dr. Ranieri-Pini then spoke of *Livestock improvement in its relation to the new application of artificial cold and the agricultural co-operative slaughterhouses*. He affirmed, in this connection, that it was advisable for livestock farmers to establish in the principal farming centres, co-operative slaughterhouses with refrigerating plant permitting of the meat being preserved for a long time, so that beef and mutton may be carried long distances, and of the utilisation of all the offal.

(Summarised from *Agricoltura Toscana*, Florence, No. 17, September 15th, 1912).

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5. — **A Typical Example of Co-operative Cheesemaking.** — This example is provided by the *Soresina Co-operative Dairy*, in the province of Cremona. Legally constituted on February 5th., 1900, it undertook the building of one or more cheese factories for the treatment of the milk from its members' farms according to improved methods, and for the collective sale of the manufactured produce. It also proposed to occupy itself with the purchase and sale of other goods and the exercise of agricultural industries. To assure itself of the means of existence, it inserted two fundamental obligations in its rules: for the milk producing members, the obligation to transfer to the society the milk produced on their farms, with the exception only of the part reserved for household consumption, and this for thirty successive years, and, further, for the members owning the farms but not themselves working them, the obligation of engaging the farmers on their land to become members and supply milk. Special provisions regulated the purchase of shares.

The dairy commenced work on November 11th., 1900. It had then 91 members, who had subscribed 2,913 shares of fifty francs each, and supplied 150 quintals of milk a day. At that date only half the amount of the shares had been paid up and the balance was deducted from the profits from the milk during the first working year.

In 1900 the share capital was 71,025 frs. and the reserve fund 665 frs. The necessary buildings entailed an expenditure of 83,324 frs. The machinery and equipment cost 87,990 frs.

In November 1901, the share capital was 159,600 frs. and the reserve fund 25,247 frs., rising respectively to 191,350 frs. and 72,729 frs. in 1902

and in a few years' time, in November 1908, to 208,100 and 210,591 frs. The large amounts paid in to the reserve fund permitted the commencement of repayment of the share capital, as provided for in the rules. This repayment was completed in 1909. The next year a dividend, first of about 19 % and shortly after of 28 %, was paid on shares, the amount of which had already been repaid.

Such were the results obtained by the dairy, from an administrative point of view. Besides, it perfected itself also from the technical point of view, and if, at the start, it could only treat 150 quintals per day, it has recently managed an average of 400 quintals, collected over an area of a radius of 10 kilometres and brought to the dairy in 30 large wagons, entailing an expenditure of about 50,000 frs. a year. In 1900 it produced 600,000 frs. worth of cheese, but last year the yield was 3 million francs.

This dairy, then, deals with 400 quintals of milk a day, the maximum being 450 quintals. Besides, it also manufactures every day about 4 quintals of butter from butter milk, and 16 quintals from unseparated milk. The rest is employed in cheese making, as every day more than 500 cheeses are made.

With this enormous labour, it is natural that the dairy should employ many hands. It has in fact 130 workmen occupied in treating the milk and 40 drivers for its waggons. The employees in its offices are also very numerous. In fact, including their salaries and their interests in the business, the dairy spends annually, more than a hundred thousand francs, under this head.

If the quantity of milk treated has gradually increased from 150 to 400 quintals the day, it is evident that the establishment must have been considerably enlarged in the period between its start and the present moment. It is now supplied with all the most modern mechanical equipment for cheese factories.

The buildings of the society consist of various rooms. There is one for the washing and sterilisation of the cans, which can contain 1,500 of them, as it is not less than 130 square metres. It has a special apparatus for washing 125 cans an hour.

Then there is the cheese making room. It has 16 boilers of a capacity of 15 hectolitres ; then there is the buttermaking room, and also many other large rooms for working milk sugar.

The attention of visitors is also attracted by the storerooms for keeping the cheese. There are six : three underground altogether 235 metres in length, from 6 to 11 metres in breadth, and 4 to 6 metres in height ; and three above of from 6 to 11 metres in breadth, and from 3½ to 6 metres in height. These store rooms hold altogether 300,000 cheeses of Swiss type and about 130,000 Roman type. So large a manufacture has need of really powerful motor force. The dairy has 6 motors,

2 moved by steam of a total 75 H. P., and 4 by electricity of more than 100 H. P. as well as 4 steam boilers of 300 H. P.

In order that the members may have the produce cheap, the warehouse sells it them at cost price.

The dairy buys, besides, for the account of members, coal for the locomotives for their threshing machines and furnishes also the lubricants for the agricultural machines.

It has also founded other institutions; a co-operative dispensary and ovens for the drying of cocoons. The dispensary, founded in 1903, is managed by two chemists, and its receipts are 30,000 frs. the year. Its object is to provide the members immediately with the remedies they require. The profits are devoted to charity, under the form of remedies distributed freely to the poor of the communes to which the members belong who supply the society with milk. The ovens work each season and above all when the state of the market encourages drying. Members may thus get this done at small cost.

(Summarised from the *Casafificio moderno*, Piacenza, Nos. 17 and 18. 1st. and 15th. September, 1912).

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6. — **New Societies.** — The *Unione Agricola Cooperativa Laziale* has just been formed in Rome. Its principal objects are :

(a) the sale of the agricultural produce of its members and of farmers generally, with the object of bringing agricultural produce directly to the consumers, even founding special storehouses for the purpose in the region, guaranteeing the purity of the produce and obtaining for the farmer a profitable price as just compensation for his work ;

(b) the facilitation of credit to its members and to farmers generally;

(c) the encouragement of the importation of agricultural produce or its exportation to other Italian provinces and other European states, becoming, on occasion, an agency for foreign or Italian firms, for purchase, in the region, of the produce they require and also for sale in Italy, and, above all in Latium, of their agricultural produce or of the farm requisites they produce ;

(d) the facilitation of fire, cattle and hail insurance, for members and farmers generally, making special arrangements for the purpose with mutual societies and serious and financially powerful Italian houses ;

(e) the acceptance of requests for and offers of agricultural labour and the work of a labour office ;

(f) the protection of the agricultural interests of members both in their relations with public administrations and with private persons, by founding an office for legal consultation at its headquarters ;

(g) the promotion in various ways of agricultural improvement and the welfare of the agricultural classes.

Another co-operative society has just been founded at Venice. The object of it is to encourage the sale of vegetables and fruit, by bringing sellers and buyers into immediate relations with each other.

This co-operative society undertakes every kind of sale, even of produce sent on commission, in that case repaying the expenses, which are besides very slight, since they are only a third of what is usual on the spot. It further guarantees to protect the sellers' interests completely.

The periodical publication of market prices, and the examination of the registers which are always at the disposal of those concerned, facilitate control of the action of the society.

A third co-operative society has just been founded at Ballao, province of Cagliari; for threshing corn by machines.

A Bergamo floricultural society has also been formed, for the encouragement by every practical or theoretical means of the scientific cultivation of all ornamental plants, the production of fruit and vegetables, and with the general object of facilitating the development of floriculture. To attain its aims the society must quite specially:

(a) arrange for conferences to be held and technical lectures to be given; provide for the diffusion of the most important and least known publications and articles on floriculture, getting them translated, if necessary, from foreign languages.

(b) develop floriculture in town and country; hold general shows at least every three years and partial periodical shows every season; introduce into the country new species and varieties and organize excursions for the instruction of members.

(Summarised from *Bollettino dell'Agricoltura*, Milan. No. 37, August 16th., 1912: *Agricoltura Veneta*, Verona, No. 14, July 31st., 1912; and *Cooperazione Rurale*, Rome, No. 7, July, 1912).

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7. — **Prize Competitions.** — Various institutions have recently opened important competitions for private persons and agricultural associations. The *Regio Istituto Veneto di scienze lettere ed arti* has opened three. In the first case a prize of 3,000 frs. is offered for an essay on: "The most important, national and foreign ideas, forms and examples of agricultural co-operation, taking account of the present condition of Venetian economy and of the societies of that province as well as the possibility of diffusing these ideas among them and promoting the imitation of these examples." In the second case, a prize of 1,500 francs is to be distributed as encouragement to those who have distinguished themselves in behalf of agricul-

tural industry, " through undertakings in a fair way of completion and important improvements in agricultural produce." In the third case, a prize of 3,000 frs. is offered as encouragement for zoological studies.

The *Istituto Agrario Siciliano Valdisavoia* has also opened a competition among the *agricultural associations* of the province of Catania constituted under the form of co-operative societies of collective title, not later than December, 1910, to work as intermediary institutions of the *Banco di Sicilia* for the exercise of agricultural credit, conformably with the law No. 100 of March 29th., 1906. There will be a first prize of 3,000 frs., a second of 1,000 frs. and a third of 500 frs.

The *Società di Lombardia* desirous of co-operating in the extension of the necessary provision for scientific bookkeeping on farms, has opened two competitions for the purpose. The first is reserved for farmers who have effectively organized the book-keeping of the farms they are working. The second is open to specialists in applied book-keeping, who shall present a scheme for the organization of book-keeping adapted to the irrigated farms of Lombardy.

Finally, there have been also other competitions opened by the Italian Federation of Agricultural Consortiums, and the Italian Touring Club, under the auspices of the Department of Agriculture, Industry and Commerce, for the extension of the use of machine motors in agriculture.

(Summarised from the *Bollettino dell'Agricoltura*, Milan, Nos. 31 and 34. August 2nd. and 23rd. 1912; the *Avvenire agricolo*, Parma. No. 7. July 31st., 1912 and the *Agricoltore del Mezzogiorno*, Naples, No. 27, September 1st., 1912).

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PART II.

INSURANCE.

INSURANCE

SPAIN.

RECENT NEWS.

1. — **School Mutuality.** — School Mutuality is one of the greatest reforms that have been introduced into Spain in recent years. Organized by Royal Decree of July 7th., 1911, signed by the Minister of Public Education, Dr. Gimeno, it has begun to bear fruit, thanks to the regulation of May 11th., 1912, drafted by the National Committee of School Mutuality and authorized by the Minister Alba.

This regulation gives the general principles of school mutual societies of the public schools of the kingdom and establishes the following as the specific ends of these associations :

- (a) Savings at compound interest ;
- (b) Insurance of Dowry ;
- (c) Old Age Pension ;
- (d) Any other work of thrift or social advantage, such as sickness insurance, life insurance, school messrooms, vacation colonies, anti-alcoholism, institutes of culture or of social hygiene, etc.

It is stipulated that the technical régime of the societies must be in conformity with the present state of our knowledge. It was intended in teaching thrift to protect children from the danger of empiricism, which is so seriously injurious to the true insurance institution.

The effect produced in the schools by this official initiative has been very satisfactory. On every hand the masters have enthusiastically welcomed the new system of thrift for schoolchildren. At Badajoz a large school thrift festival was held on the 10th. May, 1912, to which delegations from 80 municipalities came to receive from the Mayor the pension books of the National Thrift Institute, the expenses for the issue of 1,300 of which had been defrayed by a public subscription. The provincial and communal authorities have also given their assistance to the work undertaken by Gov-

ernment, and several communes, especially in the province of Barcelona, have assigned pension books to all children born in their territory within the year.

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2. — **Popular Life Insurance.** — Since the coming into operation of the law of June 12th., 1911 on Cheap Dwelling Houses, attention has been given to the organization of life insurance for the people. The National Thrift Institute has prepared a bill that has been adopted by the Government and will be immediately presented to Parliament.

This bill contemplates the formation of a popular life insurance institute as a department of the National Thrift Institution, with its accounts separate from the others of the Institute, and a State constituted guarantee fund of 500,000 pesetas at least. The Institute may use 200,000 pesetas of this for loans at $3\frac{1}{2}$ % for building or purchase of cheap dwelling houses.

The work of this Popular Life Insurance Department will consist in:

(a) Temporary single premium insurance to guarantee repayment of the balance of the loans granted on cheap dwellings in case of the death of the purchaser ;

(b) Insurance for the whole life, mixed insurance and insurance of deferred capital ;

(c) Survivors' insurance.

The maximum capital assured by each insurance contract per head will be determined by the cost of the building, when it is a house answering the conditions of the law of June 12th., 1911, and in other cases may not exceed 5,000 pesetas. The maximum pension for survivors will be 1,500 pesetas, as established by the old age pension law (1).

There is every reason to believe that this bill, which has been very carefully studied, will meet with no serious opposition.

(Summarised from a note by Señor Alvaro Lopez Nunez in the *Bulletin des Assurances Sociales*, August, 1912).

(1) See the Article on *Old Age Pensions in Spain* in the number of this *Bulletin* for December 1911. p. 163.

INSURANCE

FRANCE.

GOVERNMENT COMMUNICATIONS.

Agricultural Mutual Insurance Societies in 1911.

The French Government has communicated to us the Annual Report of the Minister of Agriculture to the President of the Republic upon the work of the Agricultural Mutual Insurance Societies in 1911. We give here a very full summary of it.

§ 1. General Observations.

On the 12th. of last September, the Minister of Agriculture, M. Pams, presented to the President of the Republic his statistical report on the mutual societies for insurance against the various agricultural risks. This report shows the constant advance made by these institutions since their foundation and more especially their development in the course of the last two years 1910 and 1911.

This progress can best be shown by means of the following figures: between December 31st., 1909 and December 31st., 1911 the number of agricultural mutual insurance societies increased from 10,048 to 11,687

by the foundation of 1,639 new societies, 676 in 1910 and 963 in 1911. Since 1897 the number of these societies has increased as follows :

Societies existing on December 31st., 1897 . . .	1,484
„ „ founded in 1898	110
„ „ founded in 1899	341
„ „ founded in 1900	349
„ „ founded in 1901	390
„ „ founded in 1902	469
„ „ founded in 1903	737
„ „ founded in 1904	1,105
„ „ founded in 1905	1,116
„ „ founded in 1906	1,138
„ „ founded in 1907	1,048
„ „ founded in 1908	977
„ „ founded in 1909	784
„ „ founded in 1910	676
„ „ founded in 1911	963
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Existing on December 31st., 1911	11,687

These 11,687 societies are distributed as follows, according to the risks they under take :

Cattle Insurance	Societies	8,869
„ Reinsurance	„	65
Agricultural Fire Insurance	„	2,662
„ „ Reinsurance	„	28
Hail Insurance	„	27
Agricultural Accident Insurance	„	35
„ „ Reinsurance	„	1
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		11,687

The following table shows their distribution in the various departments.

Departments	Societies							Total per Depart- ment
	Cattle	Fire	Hail	Accidents		Cattle Rein- surance	Fire Rein- surance	
				Local	Rein- surance			
Ain	230	63	I	3	»	I	I	290
Aisne	79	51	»	»	»	2	I	133
Allier	36	»	»	»	»	»	»	36
Alpes (Basses)	14	11	»	»	»	I	»	26
Alpes (Hautes)	93	30	»	»	»	»	»	123
Alpes-Maritimes	12	»	I	»	»	»	»	13
Ardèche	63	75	»	»	»	»	»	138
Ardennes	66	»	I	»	»	I	»	68
Ariège	44	5	I	»	»	»	»	50
Aube	81	148	I	»	»	I	I	232
Aude	21	42	»	»	»	»	»	63
Aveyron	9	39	»	»	»	I	2	51
Bouches-du-Rhône	4	25	»	»	»	»	»	29
Calvados	18	»	»	»	»	»	»	18
Cantal	7	5	»	»	»	»	»	12
Charente	97	»	»	»	»	»	»	97
Charente--Inférieure	94	10	»	»	»	»	»	104
Cher	36	»	»	»	»	I	»	37
Corrèze	29	5	I	»	»	I	»	36
Corsica	2	»	»	»	»	»	»	2
Côte-d'Or	113	33	I	»	»	I	»	148
Côtes-du-Nord	88	7	»	»	»	»	»	96
Creuse	20	4	I	»	»	I	»	26
Dordogne	37	I	I	»	»	»	I	40
Doubs	204	48	»	»	»	I	»	253
Drôme	72	179	»	»	»	I	I	253
Eure	40	»	»	»	»	I	»	41

Departments	Societies							Total per Depart- ment
	Cattle	Fire	Hail	Accident		Cattle	Fire	
				Local	Rein- sur- ance	Reinsur- ance	Reinsur- ance	
Eure-et-Loire	176	»	»	»	»	2	»	178
Finistère	89	23	»	»	»	»	I	113
Gard	7	54	»	»	»	»	»	61
Garonne (Haute)	96	14	»	»	»	I	I	112
Gers	148	21	»	»	»	2	I	172
Gironde	60	51	I	»	»	»	I	113
Hérault	I	45	»	»	»	»	I	47
Ille-et-Vilaine	104	5	»	»	»	I	»	110
Indre	9	»	»	»	»	»	»	9
Indre-et-Loire	84	I	»	28	I	»	»	114
Isère	182	140	»	»	»	I	»	323
Jura	280	61	»	»	»	I	I	343
Landes	1,143	8	2	»	»	»	»	1,153
Loir-et-Cher	149	»	»	»	»	I	»	150
Loire	13	35	»	»	»	»	I	49
Loire (Haute)	30	4	»	»	»	I	»	35
Loire-Inférieure	134	11	»	»	»	»	»	145
Loiret	159	»	»	»	»	»	»	159
Lot	72	6	»	»	»	I	»	79
Lot-et-Garonne	24	8	I	»	»	»	»	33
Lozère	38	27	»	»	»	I	»	66
Maine-et-Loire	52	2	»	»	»	»	»	54
Manche	74	»	»	»	»	»	»	74
Marne	20	»	I	»	»	I	»	22
Haute-Marne	389	437	I	»	»	2	I	830
Mayenne	18	3	»	»	»	»	I	22
Meurthe et-Moselle	189	43	I	»	»	I	»	234

Departments	Societies							Total per Depart- ment
	Cattle	Fire	Hail	Acci- dent		Cattle Rein- surance	Fire Rein- surance	
				Local	Rein- surance			
Meuse	128	»	I	»	»	I	»	130
Morbihan	32	9	»	»	»	I	»	42
Nièvre	11	3	»	»	»	»	»	14
Nord	77	5	I	»	»	2	»	85
Oise	3	»	»	»	»	»	»	3
Orne	38	2	»	»	»	»	»	40
Pas-de-Calais	304	27	»	»	»	5	I	337
Puy-de-Dôme	122	4	»	»	»	I	»	127
Pyrénées (Basses)	196	137	»	»	»	»	2	335
Pyrénées (Hautes)	84	20	I	»	»	I	I	107
Pyrénées (Orientales)	4	4	»	»	»	»	»	8
Rhin (Haut)	37	»	»	»	»	»	»	37
Rhône	53	93	»	»	»	I	2	149
Saône (Haute)	399	103	I	»	»	2	I	506
Saône-et-Loire	199	25	»	»	»	I	»	225
Sarthe	110	I	»	I	»	I	»	113
Savoie	164	62	»	»	»	I	»	227
Savoie (Haute)	218	52	»	»	»	»	»	270
Seine-Inférieure	82	»	»	»	»	7	»	89
Seine-et-Marne	52	»	»	»	»	»	»	52
Seine-et-Oise	48	I	»	»	»	»	»	49
Sèvres (Deux)	73	96	I	2	»	I	I	174
Somme	289	»	I	»	»	I	»	291
Tarn	52	»	»	»	»	»	I	53
Tarn-et-Garonne	31	»	»	»	»	»	»	31
Var	14	15	»	»	»	I	»	30
Vaucluse	4	94	»	»	»	»	I	99

Departments	Societies							Total per Depart- ment
	Cattle	Fire	Hail	Accid- ent		Cattle Rein- surance	Fire Rein- surance	
				Local	Rein- surance			
Vendée	204	4	»	»	»	»	»	208
Vienne	20	8	I	I	»	»	I	31
Vienne (Haute)	28	12	I	»	»	I	»	42
Vosges	193	102	I	»	»	I	»	297
Yonne	248	2	I	»	»	I	»	252
Seine	3	I	I	»	»	2	I	8
Total . . .	8,869	2,662	27	35	I	65	28	11,687

Let us remember that the law, in its desire to encourage the organization and development of mutual insurance against the various agricultural risks has each year placed credits at the disposal of the Agricultural Department, enabling it thus to grant subventions to them.

These credits, first of all fixed by the financial law of 1898 at 500,000 francs, have been increased in later years; the amount was raised to 600,000 frs. in 1902, and to 1,200,000 frs. by the financial law of April 27th., 1905. It remained at this figure until the financial law of February 27th., 1911, raised it to 1,575,000 francs.

This grant has permitted of subventions amounting altogether to 10,108,100 francs being accorded to the mutual agricultural insurance societies. These subsidies are of two kinds: some are granted to societies in course of formation as aids towards their original constitution, others are intended as assistance to societies that have suffered exceptional losses in order to allow of the reconstitution of their reserve funds. The 10,108,100 francs granted as subventions up to December 30th., 1911, were granted to 9,689 societies as aids towards their original constitution, and to 11,666 societies as subventions after exceptional losses.

The following table gives the details according to years and classes of society and the use made of the credits placed at the disposal of the Minister of Agriculture by the Parliament:

State Subventions between 1898 and 1911.

Return of Subventions granted to the Agricultural Mutual Insurance Societies,
according to the Year and the Kind of Society.

In 1898. — 310 societies	{	110 in course of formation	{	105 cattle insurance societies . . .	60,800	172,550
				5 hail ins. societies	4,000	
		220 in full working .		196 cattle insurance societies . . .	82,750	
				4 hail ins. societies	25,000	
In 1899. — 633 societies	{	341 in course of formation	{	340 cattle insurance societies . . .	197,850	295,350
				hai ins. society.	500	
		292 in full working .		266 cattle insurance societies . . .	80,350	
				6 hail ins. societies	16,650	
In 1900. — 737 societies	{	349 in course of formation	{	348 cattle insurance societies . . .	177,200	294,500
				1 hail ins. society.	500	
		388 in full working .		385 cattle insurance societies . . .	110,500	
				3 hail ins. societies	6,300	
In 1901. — 942 societies	{	390 in course of formation	{	387 cattle insurance societies . . .	245,800	465,450
				2 hail ins. societies	2,500	
		552 in full working .		1 fire ins. society	500	
				543 cattle insurance societies . . .	194,450	
				9 hail ins. societies	22,200	
In 1902. — 1,052 societies	{	407 in course of formation	{	401 cattle insurance societies . . .	265,800	510,000
				1 hail ins. society.	600	
		645 in full working .		1 accident insurance societies .	500	
				4 fire ins. societies	4,100	
				639 cattle insurance societies	234,600	
				6 hail ins. societies	4,400	
In 1903. — 1,212 societies	{	694 in course of formation	{	672 cattle insurance societies . . .	445,000	650,000
				1 hail ins. society	1,000	
		518 in full working .		21 fire ins. societies	18,000	
				511 cattle insurance societies . . .	179,400	
				7 hail ins. societies	6,000	

In 1904. — 1,668 societies	984 in course of formation	918 cattle insurance societies	456,350	721,900
	654 in full working	1 accident insurance society	500	
		65 fire ins. societies	38,350	
		676 cattle insurance societies	216,700	
		7 hail ins. societies	9,900	
		1 fire ins. society	100	
In 1905. — 1,969 societies	1,120 in course of formation	966 cattle insurance societies	411,900	810,350
	849 in full working	1 hail ins. society	1,000	
		2 accident insurance societies	2,600	
		151 fire ins. societies	81,800	
		189 cattle insurance societies	297,500	
		8 hail ins. societies	10,950	
		2 fire ins. societies	4,600	
In 1906. — 2,106 societies	1,048 in course of formation	613 cattle insurance societies	366,800	1,024,200
	1,058 in full working	435 fire ins. societies	273,800	
		1,046 cattle insurance societies	370,600	
		10 hail ins. societies	12,400	
		2 fire ins. societies	600	
In 1907. — 2,103 societies	910 in course of formation	508 cattle insurance societies	308,300	1,028,700
	1,193 in full working	1 hail ins. society	1,000	
		401 fire ins. societies	259,500	
		1,173 cattle insurance societies	438,800	
		7 hail ins. societies	14,150	
		12 fire ins. societies	6,650	
		1 accident insurance society	300	
In 1908. — 1,871 societies	782 in course of formation	437 cattle insurance societies	259,400	881,350
	1,089 in full working	345 fire ins. societies	194,600	
		1,074 cattle insurance societies	405,150	
		7 hail ins. societies	17,200	
		8 fire ins. societies	5,000	

In 1909. — 2,148 societies	871 in course of formation	579 cattle insurance societies 359,100	1,042,100
	1,277 in full working .	295 fire ins. societies 164,400 1 accident insurance society . 5,000 1,260 cattle insurance societies 489,300 6 hail ins. societies. 19,650 11 fire ins. societies. 4,650	
In 1910. — 2,379 societies	835 in course of formation	478 cattle insurance societies 270,800	1,048,900
	1,544 in full working .	353 fire ins. societies 474,200 1 hail ins. society. 3,000 3 accident insurance societies . 4,000 1,535 cattle insurance societies 587,600 2 hail ins. societies 5,400 7 fire ins. societies 3,900	
In 1911. — 2,199 societies	848 in course of formation	401 cattle insurance societies 245,100	1,162,750
	1,351 in full working .	416 fire ins. societies 200,300 2 hail ins. societies 1,000 29 accident insurance societies . 16,000 1,327 cattle insurance societies 662,600 18 fire ins. societies 24,750 5 hail ins. societies 10,000 1 accident insurance society . 3,000	

Total Subventions Granted December 31st., 1911 10,108,100

§ 2. Mutual Cattle Insurance Societies.

Among the 11,687 mutual insurance societies now existing the most numerous are the cattle societies. There are 8,869 of them, 489 founded in 1911.

The following table shows the increase of the mutual cattle insurance societies since 1897 :

Increase of Mutual Cattle Insurance Societies.

On December 31st.	Number of Societies	Number of Members	Capital Assured Frs
1897	1,469	87,072	59,168,334
1898	1,578	94,546	62,449,269
1899	1,917	117,292	86,724,510
1900	2,264	135,817	106,807,194
1901	2,646	155,496	129,775,867
1902	3,102	178,920	158,999,954
1903	3,811	209,490	194,031,403
1904	4,824	275,576	278,960,543
1905	5,765	318,146	330,545,429
1906	6,422	346,901	372,815,500
1907	6,982	389,478	417,477,023
1908	7,569	403,984	471,311,340
1909	8,044	424,633	513,532,254
1910	8,380	456,561	557,887,608
1911	8,869	473,747	605,251,815

4 departments have more than 300 mutual cattle societies ; these are Landes with 1,143 unions, Haute Saône with 399, Haute-Marne with 389 and Pas-de-Calais with 304. 7 departments have more than 200 societies; these are : Somme 289, Jura 280, Yonne 248, Ain 230, Haute-Savoie, 218, Doubs and Vendée, each 204 ; finally, 17 departments : Côte-d'Or, Eure-et-Loir, Gers, Gironde, Isère, Ile-et-Vilaine, Loir-et-Cher, Loire-Inférieure, Loiret, Meurthe-et-Moselle, Meuse, Puy-de-Dôme, Saône-et-Loire, Savoie and Vosges, have more than 100 societies each.

The amount assured is more than 20 million frs. in five departments : Eure-et-Loir 36 millions, Vendée 31 millions, Vienne 26, Landes 25, Loire-Inférieure 21. In 20 others it exceeds 10 million : Ain and Saône-et-Loire

(17 million each), Haute-Savoie and Yonne (16 each), Rhône (15), Jura (14), Manche and Deux-Sèvres (13). Charente-Inférieure, Côtes-du-Nord, Finistère, Indre-et-Loire and Haute-Marne (each 12), Charente, Basses-Pyrénées and Somme (11 each) and finally Doubs, Nord, Pas-de-Calais and Sarthe (10 million each).

§ 3. *Cattle Reinsurance Societies.*

The progress of the cattle reinsurance societies is quite as satisfactory, as is seen in the following table :

Increase in the Cattle Reinsurance Societies.

Years	Number of Reinsurance Societies	Number of Local Societies Affiliated	Amount Reinsured. Frs.
—	—	—	—
1901	6	106	4,581,770
1902	10	203	8,708,240
1903	14	631	17,687,184
1904	18	917	32,413,226
1905	29	1,373	61,853,075
1906 :	33	1,719	86,956,688
1907	44	2,200	105,856,975
1908	53	2,731	124,671,437
1909	55	2 886	133,168,042
1910	58	3,055	153,900,785
1911	65	3,413	172,147,315

The following shows the situation of these societies on December 31st. 1911.

Department	Names of the Societies	Headquarters	Number of Affiliated Societies	Number of Members	Reinsured Capital
Ain	Federation of Mutual Cattle Insurance Societies of the arrondissement of	Nantua	25	820	998,465
Aisne	Regional Mutual Society of the arrondissement of	Vervins	23	383	1,197,445
Alpes (Basses)	Syndicate-Union of the Societies of the arrondissement of	Château-Thierry	20	640	442,500
Ardennes	Federal Reinsurance Society of the Canton of Seyne	Montclar	4	60	26,000
Ardennes	Departmental Reinsurance Society	Mézières	57	1,315	2,837,265
Aube	Departmental Reinsurance Society	Troyes	68	1,744	3,010,400
Aveyron	Regional Society of the Central Plateau	Rodez	7	200	450,000
Cher	Reinsurance Society of the arrondissement of	Sancerre	24	486	541,725
Corrèze	Departmental Reinsurance Society	Tulle	14	438	538,610
Côte-d'Or	Departmental Reinsurance Society	Dijon	52	1,878	3,022,270
Côtes-du-Nord	Departmental Federation	Saint-Brieuc	6	1,395	450,000
Creuse	Departmental Reinsurance Society	Guéret	14	471	810,590
Doubs	Departmental Reinsurance Society	Besançon	104	2,160	4,096,470
Drôme	Federation of the arrondissement of	Nyons	7	95	50,550
Eure	Departmental Reinsurance Society	Evreux	6	79	314,025
Eure-et-Loir	Horned Cattle Reinsurance Society of the arrondissement of	Dreux	14	569	1,037,300
Eure-et-Loir	Horse etc. Reinsurance Society of the arrondissement of	Dreux	7	390	598,190

Garonne (Haute)	Departmental Reinsurance Society	Toulouse	66	2,400	1,600,000
Gers	Departmental Federation of Gers	Auch	41	1,200	2,141,945
	Reinsurance Society of the arrondissement of	Lombez	16	266	426,560
Ile-et-Vilaine	General Union of Agricultural Mutual Societies	Rennes	15	900	1,017,745
Isère	Departmental Reinsurance Society	Vienne	41	950	852,900
Jura	Departmental Reinsurance Society	Lons-le-Saunier	136	4,025	4,843,315
Loir-et-Cher	Reinsurance Society of the arrondissement of	Romorantin	6	198	286,425
Loire (Haute)	Departmental Society of Haute-Loire	Le Puy	18	615	497,715
Lot	Departmental Reinsurance Society	Cahors	18	597	490,440
Lot-et-Garonne	Departmental Reinsurance Society	Agen	14	499	869,160
Lozère	Federation of the Local Societies	Mende	18	239	104,490
Marne	Departmental Reinsurance Society	Châlons-sur-Marne	11	1,139	1,793,245
	Reinsurance Society of the arrondissements of Chau- mont and Wassy	Chaumont	218	3,923	7,827,420
Marne (Haute)	Syndicate Union of the arrondissement of	Langres	154	3,485	5,671,655
Meurthe-et-Moselle	Departmental Reinsurance Society	Nancy	123	3,576	3,890,000
Meuse	Departmental Reinsurance Society	Bar-le-Duc	92	1,604	2,208,545
Morbihan	Departmental Reinsurance Society	Auray	11	300	81,620
Nord	Departmental Horned Cattle Reinsurance Society	Lille	30	567	884,080
	Departmental Horse etc. Reinsurance Society	Lille	40	518	1,203,670

Departments	Names of Societies	Headquarters	Number of Affiliated Societies	Number of Members	Reinsured Capital
Pas-de-Calais	Reinsurance Society of the arrondissement of	Arras	43	1,323	2,494,320
	Reinsurance Society of the arrondissement of	Boulogne	14	320	360,000
	Reinsurance Society of the arrondissement of	Montreuil	114	2,562	2,393,350
	Reinsurance Society of the arrondissement of	Saint-Omer	56	2,185	2,677,870
	Reinsurance Society of the arrondissement of	Saint-Pol	46	1,055	1,163,425
Puy-de-Dôme	Departmental Society	Clermont-Ferrand	89	1,972	1,967,050
Pyrénées (Hautes)	Departmental Society	Tarbes	16	373	341,180
Belfort (territory)	Departmental Society	Belfort	20	580	700,000
Rhône	Cattle Reinsurance Society of the South East	Lyon	82	"	1,750,000
Saône (Haute)	Departmental Reinsurance Society	Vesoul	169	3,236	4,979,160
	Reinsurance Union	Gray	122	2,529	5,158,320
Saône-et-Loire	Macon Union of Mutual Insurance Societies	Laizé	18	1,182	949,045
Sarthe	Federation of Mutual Insurance Societies	Le Mans	70	4,100	4,775,000
Savoie	Federation of Mutual Cattle Insurance societies	Chambéry	51	2,459	2,173,935
Seine	Federal Union of the Cantonal Associations of France	Paris	415	30,402	56,796,800
	Central Society for the Mutual Cattle Insurance Societies	Paris	"	"	"

Union of Mutual Horned Cattle Insurance Societies	Dienpe	11	252	461,395
Union of Mutual Horned Cattle Insurance Societies	Le Havre	7	216	727,670
Union of Mutual Horse Insurance Societies of le Havre	Le Havre	5	204	387,945
Union of Mutual Horned Cattle Insurance Societies	Neuchâtel	12	324	564,620
Union of Mutual Horned Cattle Insurance societies of Rouen	Rouen	14	540	899,740
Union of Mutual Horse Insurance Societies	Rouen	13	311	443,830
Union of Mutual Horned Cattle Insurance Societies	Yvetot	7	227	477,595
Deux-Sèvres Union	Niort	17	2,650	4,461,180
Departmental Reinsurance Society	Amiens	234	6,619	7,387,950
Federation of the Mutual Insurance Societies of Var	Draguignan	6	197	154,650
Departmental Federation of Mutual Insurance Societies	Limoges	26	1,356	2,560,900
Departmental Reinsurance Society.	Epinal	116	3,800	3,182,000
Departmental Reinsurance Union	Auxerre	100	3,789	4,655,650
Total	65 societies	3,413	114,887	172,147,315

Seine Inférieure

Sèvres (Deux)

Somme

Var

Vienne (Haute)

Vosges

Yonne

§ 4. *Mutual Fire Insurance Societies.*

The mutual fire insurance societies which were first organised in 1902 are now 2,662. Their number remained unchanged up to 1905; every year since then from 400 to 500 societies have been founded.

Increase of the Mutual Agricultural Fire Insurance Societies.

On December 31st	Number of Societies	Number of Full and Probationary Members		Amount Assured and to be Assured	
				frs.	
1902	5	534		3,652,116	
1903	27	2,674		20,181,502	
1904	111	5,930		42,403,730	
1905	273	12,437		101,972,610	
1906	740	28,091		239,137,850	
		Full	Probationary	Assured	to be Assured
				frs.	frs.
1907	1,208	29,218	19,795	254,755,365	243,496,815
1908	1,598	44,935	27,014	261,788,621	330,998,098
1909	1,901	49,551	30,785	476,886,664	443,636,295
1910	2,228	63,826	35,580	643,576,830	466,816,825
1911	2,662	68,900	43,840	693,487,705	591,012,650

The department of Haute Marne is the most important from the point of view of agricultural fire insurance; it has 437 local societies. Next come Drôme with 179 societies, Aube with 148, Isère with 146, Basses-Pyrénées with 137; Haute Saône with 103 and Vosges with 102. 11 departments have more than 50 local banks; these are Deux-Sèvres (96), Vaucluse (94), Rhône (93), Ardèche (75), Ain (63), Savoie (62), Jura (61), Gard (54), Aisne and Gironde (51 each).

In 17 departments there is as yet no fire insurance society.

The number of local fire insurance societies increased by 434 in 1911, that of the full members by 5,074 and that of the probationary members by 8,460.

The capital actually assured rose from 643,576,830 fr. to 693,487,705 fr., with an increase of 50 million.

The following table shows the situation of the fire insurance societies on December 31st., 1911:

Departments	Return of Societies existing in France on December 31st, 1911				
	Number of Societies	Number of Members		Capital	
		Full	Probationary	Assured	To be Assured
				frs.	frs.
Ain	63	6,308	2,164	64,395,935	28,856,125
Aisne	51	830	575	7,081,685	7,822,530
Allier	"	"	"	"	"
Alpes (Basses)	11	210	100	2,023,900	1,326,700
Alpes (Hautes)	30	629	361	2,609,290	2,639,500
Alpes-Maritimes	"	"	"	"	"
Ardèche	75	2,115	1,052	16,338,040	9,666,390
Ardennes	"	"	"	"	"
Ariège	5	31	30	130,130	378,850
Aube	148	2,137	1,731	16,617,350	31,287,100
Aude	42	1,349	1,097	25,780,490	32,080,680
Aveyron	39	537	762	4,959,820	11,068,620
Bouches-du-Rhône	25	647	167	7,511,830	5,103,150
Calvados	"	"	"	"	"
Cantal	5	148	108	1,737,410	1,340,000
Charente	"	"	"	"	"
Charente-Inférieure	10	299	185	4,554,605	3,772,950
Cher	"	"	"	"	"
Corrèze	5	75	48	659,410	730,100
Corsica	"	"	"	"	"
Côte-d'Or	33	515	606	5,382,950	8,319,240
Côtes-du-Nord	7	101	91	730,495	934,130
Creuse	4	15	35	68,810	704,000
Dordogne	1	32	7	297,150	97,000
Doubs	48	554	563	4,963,950	7,036,950
Drôme	179	4,239	3,345	51,439,100	44,530,185

Departments	Return of Societies existing in France on December 31st, 1911				
	Number of Societies	Number of Members		Capital	
		Full	Probationary	Assured	To be Assured
				frs.	frs.
Eure	»	»	»	»	»
Eure-et-Loir	»	»	»	»	»
Finistère	23	679	988	5,113,680	9,610,360
Gard	54	1,525	1,337	18,954,315	25,209,410
Garonne (Haute)	14	182	169	1,676,410	5,615,365
Gers	21	126	214	924,725	1,987,395
Gironde	51	402	1,092	6,719,280	13,508,600
Hérault	45	1,188	1,047	26,034,065	31,586,800
Ille-et-Vilaine.	5	92	90	853,675	847,800
Indre	»	»	»	»	»
Indre-et-Loire	1	133	22	1,199,160	448,800
Isère	140	5,099	3,053	52,887,150	33,995,910
Jura	61	642	1,464	4,694,650	14,137,530
Landes	8	417	110	3,410,545	504,150
Loir-et-Cher	»	»	»	»	»
Loire	35	857	477	10,564,315	5,612,550
Loire (Haute)	4	149	26	1,097,350	104,000
Loire-Inférieure.	11	417	380	3,815,035	2,034,500
Loiret	»	»	»	»	»
Lot	6	58	97	429,900	923,000
Lot-et-Garonne	8	67	112	675,250	1,727,800
Lozère	27	340	92	2,644,275	751,100
Maine-et-Loire	2	24	9	615,800	129,500
Manche	»	»	»	»	»
Marne	»	»	»	»	»
Marne (Haute)	437	5,712	4,776	60,210,595	57,804,850

Department	Return of Societies Existing in France on December 31 st , 1911				
	Number of Societies	Number of Societies		Capital	
		Full	Probation- ary	Assured	To be Assured
				frs.	frs.
Mayenne	3	53	21	472,550	1,150,000
Meurthe-et-Moselle	43	706	801	6,556,195	12,356,640
Meuse	"	"	"	"	"
Morbihan	9	382	130	2,507,560	1,190,000
Nièvre	3	85	271	988,300	2,019,435
Nord	5	85	65	1,504,600	1,135,200
Oise	"	"	"	"	"
Orne	2	24	22	228,400	509,850
Pas-de-Calais	27	241	483	2,058,130	6,391,475
Puy-de-Dôme	4	146	53	1,276,720	738,500
Pyrénées (Basses)	137	3,873	1,860	16,359,590	22,605,880
Pyrénées (Hautes)	20	202	294	1,428,740	3,427,950
Pyrénées-Orientales	4	220	70	1,619,400	637,400
Rhin (Haut-) (Territory of Belfort)	"	"	"	"	"
Rhône	93	2,470	2,049	40,052,560	31,404,185
Saône (Haute)	103	932	1,039	8,399,330	19,069,115
Saône-et-Loire	25	666	725	6,235,130	7,548,500
Sarthe	1	11	12	132,900	246,000
Savoie	62	2,252	539	14,749,895	5,071,410
Savoie (Haute)	52	4,825	197	27,004,450	2,033,200
Seine	1	4,231	"	40,155,450	"
Seine-Inférieure	"	"	"	"	"
Seine-et-Marne	"	"	"	"	"
Seine-et-Oise	1	25	12	460,320	80,000
Sèvres (Deux)	96	3,169	3,359	47,148,890	34,582,275

Department	Return of Societies Existing in France on December 31st., 1911				
	Number of Societies	Number of Members		Capital	
		Full	Proba- tionary	Assured	To be Assured
				frs.	frs.
Somme	»	»	»	»	»
Tarn	»	»	»	»	»
Tarn-et-Garonne	»	»	»	»	»
Var	15	296	96	3,343,200	1,240,000
Vaucluse	94	3,050	796	30,550,350	8,865,815
Vendée	4	183	157	1,508,200	1,160,000
Vienne	8	209	178	2,897,665	3,352,100
Vienne (Haute)	12	156	227	1,711,840	6,230,900
Vosges	102	1,489	1,777	14,031,045	22,538,300
Yonne	2	39	25	333,800	194,900
Total . . .	2,662	68,900	43,840	693,487,705	591,012,650

5. Fire Reinsurance Societies.

The Progress made by the fire reinsurance societies is shown in the following table :

Years	Number of Reinsurance Societies	Number of Affiliated Local Societies	Amount Reinsured and to be Reinsured — frs.
1902	1	145	16,282,335
1903	3	433	64,605,490
1904	5	530	81,888,000
1905	8	625	101,240,500
1906	9	735	141,148,600
1907	10	862	163,979,432
1908	16	1,250	379,835,230
1909	20	1,766	532,204,430
1910	26	2,096	723,975,173
1911	27	2,926	931,944,890

The situation of the Fire Reinsurance Societies is shown in the following table :

Situation of the Fire Reinsurance

Department	Title of the Society	Headquarters
Ain	Regional Society of Ain and Haute-Rhône .	Nantua
Aisne	Regional Society of Champagne and la Brie	Château-Thierry .
Aube	Departmental Reinsurance Society	Troyes
Aveyron	Aveyron Regional Fire Insurance Society .	Rodez
	Regional Society of the Central Plateau . .	Rodez
Dordogne	Regional Society of Périgord and Limousin	Périgueux
Drôme	Agricultural Regional Society of Drôme . .	Montélimar
Finistère	Regional Society of Bretagne	Landerneau
Haute-Garonne	Regional Agricultural Mutual Fire Insurance Society	Toulouse
Gers	Agricultural Mutual Fire Insurance Society of Gascogne	Lombez
Gironde	Regional Society of the South West	Bordeaux
Hérault	Regional Society of the South	Montpellier
Jura	Departmental Reinsurance Society	Lons-le Saunier . .
Loire	Agricultural Mutual Fire Insurance Society .	Saint-Etienne . . .
Marne (Haute)	Agricultural Mutual Fire Insurance Society of the East	Chaumont
Mayenne	Regional Society of Maine and Anjou . . .	Craon
Pas-de-Calais	Departmental Society	Arras
Pyrénées (Basses)	Departmental Federation	Pau
	Union of the Pyrénées and Landes	Pau
Pyrénées (Hautes)	Federal Departmental Union	Tarbes
Rhône	Regional Insurance Society of the Rhône .	Lyon
	Regional Society of the South East	Lyon
Saône (Haute)	Regional Society of Bourgogne and Franche- Comté	Gray
Sèvres (Deux)	Mutual Agricultural Fire Insurance Society . of the West	Niort
Tarn	Regional Fire Insurance Society of Tarn . .	Albi
Vaucluse	Regional Society of the Alps and Provence	Avignon
Vienne	Regional Society of the West-Centre . . .	Poitiers
Total: 27 Societies . . .		

Societies on December 31st., 1911.

Number of Affiliated Societies	Number of Members		Amount of Capital Reinsured by the Full Members	Amount of Capital to be Reinsured by the Probationary Members
	Full	Probationary		
9	107	194	921,230	1,500,000
51	755	550	5,778,050	6,571,530
142	1,867	1,582	14,897,690	15,419,600
37	275	1,525	4,125,000	5,670,960
90	530	620	4,944,900	6,180,000
10	30	58	769,800	1,117,755
128	2,420	2,250	23,150,000	"
61	1,421	2,515	11,036,370	200,00,000
15	311	137	1,271,160	364,775
15	64	175	422,310	1,572,000
80	570	1,740	1,039,975	5,920,875
39	1,010	877	21,816,640	26,926,710
32	292	813	1,913,940	7,844,100
66	360	800	400,000	10,000,000
758	10,506	11,494	90,109,595	130,890,405
10	93	530	1,299,595	6,000,000
49	317	573	2,614,565	9,623,255
118	425	950	3,650,000	11,530,050
112	1,087	"	10,310,300	"
9	6	67	57,800	613,900
46	583	992	8,039,535	13,682,055
423	10,550	9,000	123,500,000	125,000,000
272	2,404	6,500	19,895,515	15,000,000
127	1,970	2,574	28,042,510	47,514,185
9	57	119	502,000	1,683,050
206	3,834	3,100	41,948,920	31,000,000
12	322	217	4,962,365	2,900,000
2,926	42,166	49,950	427,419,685	504,525,205

A Central Reinsurance Society, with headquarters in Paris, associates 15 of these regional societies with a total number of 2,373 local societies. By December 31st., 1911 it had issued 40,207 policies and reassured 406,206,423 francs.

§ 6. *Mutual Hail Insurance Societies.*

The progress made by the mutual hail insurance societies was as follows :

Year	Number of Societies	Number of Members	Capital Insured (crops) frs.
1898	12	16,812	8,499,456
1899	14	17,067	9,552,468
1900	16	28,760	13,841,656
1901	16	29,340	13,964,459
1902	19	29,604	14,785,435
1903	21	32,050	18,380,715
1904	22	33,023	18,640,520
1905	22	33,963	19,299,800
1906	24	38,550	20,479,815
1907	24	40,500	20,500,000
1908	24	42,065	22,580,580
1909	24	47,737	27,084,970
1910	25	44,677	28,159,854
1911	27	38,014	30,890,450

The number of mutual hail insurance societies remains stationary. The Tobacco Planters' Society of Lot, which had 9,026 members and insured a crop of 2,628,500 kilogrammes, is now dissolved; a local mutual society of the Alpes-Maritimes is also dissolved. On the other hand, a departmental society has also been founded in Creuse, a communal society in Haute-Vienne, and a cantonal society in the same department. To sum up there are 27 hail insurance societies, 9 tobacco planters', 8 departmental, 3 arrondissement, 4 cantonal, 3 communal.

The 27 mutual hail insurance societies now existing are distributed among the departments as follows :

Departments	Number of Societies	Number of Members	Approximate Value of Crops Assured
Ain (two arrondissements)	I	794	1,605,570
Alpes Maritimes (communal)	I	105	180,000
Ardennes (departmental)	I	498	970,000
Arriège (cantonal)	I	65	45,000
Aube (departmental)	I	400	962,600
Corrèze (tobacco planters')	I	—	83,455
Côte-d'Or (cantonal)	I	131	91,580
Creuse (departmental)	I	901	1,040,186
Dordogne (tobacco planters')	I	10,360	4,260,000
Gironde (tobacco planters')	I	4,426	3,320,000
Landes (1 communal, 1 tobacco planters') .	2	271	172,872
Lot-et-Garonne (tobacco-planters')	I	6,036	4,249,180
Marne (departmental)	I	5,700	3,500,000
Marne (Haute-) (departmental)	I	382	244,795
Meurthe-et-Moselle (tobacco planters') . .	I	600	208,500
Meuse (departmental)	I	2,883	3,045,145
Nord (tobacco planters')	I	455	1,154,752
Pyrénées (Hautes-) (tobacco planters') . .	I	354	115,000
Saône (Haute) (tobacco planters')	I	1,339	431,102
Sèvres (Deux) (arrondissement society) . .	I	190	348,253
Somme (departmental)	I	1,743	3,378,580
Vienne (Haute) (communal)	I	105	70,390
Vienne (Haute) (cantonal)	I	29	24,340
Vosges (arrondissement)	I	92	160,000
Yonne (cantonal)	I	15	140,000
Seine (region of Paris)	I	100	1,079,150
Total	27	38,014	30,890,450

§ 7. *Mutual Insurance Societies against Accidents in Agricultural Labour.*

These societies undertake risks of accidents in agricultural labour with the exception of those occasioned by machined.

The number of mutual accident insurance societies, which on December 31st., 1910 was 7, has been increased by 28 new societies founded in 1911 in the department of Indre-et-Loire. These 28 societies are reinsured in a departmental society.

Such is the present situation of the agricultural mutual insurance societies. In concluding this report, the Minister of Agriculture explains the progress made, as follows: " This progress is chiefly due to education which makes daily advance among the rural population who are gradually being gained to the principle of solidarity; it is undeniably the result of the active and enlightened propaganda carried on by the professors of agriculture even in the remotest districts of the country: it proves the efficacy of the important sacrifices the Treasury imposes on itself from year to year in order to encourage the peasants to insure each other mutually against risks to which they are exposed at any instant of their daily life."

INSURANCE

JAPAN.

CURRENT QUESTIONS.

Official Statistics of Fires in Japan.⁽¹⁾

The Insurance Office of the Commercial Department of the Japanese Ministry of Agriculture and Commerce has prepared a very careful statistical return of fires in Japan in the five years 1903-1907 (inclusive). These official statistics, published by the Fire Insurance Institute (2), acquire special interest from the fact of their affording not only a safe basis for the calculation of the insurance premiums of the companies working in Japan, but also a means of comparing the frequency, the gravity and the causes of fires in Japan and in the other countries for which such statistics have been collected.

We think it, however, well to reproduce the few words of the introduction to the publication and a general summary of the statistics contained in this interesting work. The report declares that

“Up to the present there have been no complete fire insurance statistics in Japan, capable of serving as a basis for the calculation of insurance premiums. The insurance office, however, collected, in succession, between 1893 and 1902, certain statistics, not absolutely exact, of the fires in the

(1) *Statistics of Fires in the Five Years 1903-1907* (in Japanese).

(2) Institute with headquarters in Tokio, to the formation of which the various fire insurance societies contributed, for the study of matters of general interest and for transaction of business between the societies themselves.

ten years, and, in order to be able to issue publications in relation to the fire insurance institute, began in 1908 a careful collection of statistical material, a collection that very often occasioned no small difficulty to the local authorities concerned. At the end of last year (1911) it was at last possible to rearrange part of this material and compile the returns for the period 1903-1907, which, published in the present volume, will afford those concerned secure and important data for reference."

For the sake of greater brevity in the three following tables we have grouped together the data for the five years 1903-1907, only for the three provinces of Hakkaidò, Tokio and Osaka. In choosing these three provinces account has been taken of the fact that the various divisions of the Empire vary very much as regards the frequency of fires in consequence of the very great differences in climate, occupation and progress of the inhabitants, seismic conditions, etc.

Of all the Japanese provinces, Hokkaidò has the highest percentage : this is probably due to the cold which is very severe the greater part of the year, and naturally calls for a more extensive system of heating. And it is enough to remember the often primitive systems employed by the poorer Japanese in warming their wooden houses, to understand how much danger is involved in these rudimentary systems. Earthquakes have also often been the incidental cause of large fires.

We have also reproduced the statistics for the provinces of Tokio and Osaka, which, as they include the most important cities of Japan and are the centres of the greatest commercial and industrial development, may furnish a basis for comparison with the statistics of fires in the large cities of the West.

Province of Hokkaidō.

	1903	1904	1905	1906	1907	
Total Number of Houses . .	208,425	213,211	224,338	239,209	256,139	
Number of Disasters . . .	912	855	935	1,064	948	
Number of Houses Damaged by Fire	2,735	3,218	2,009	3,195	11,254	
Area (in <i>tsubo</i>) (1) to which the Fire Extended	47,648.00	66,650.76	38,424.00	67,460.32	214,228.82	
% of Houses Damaged . .	13.122	15.093	8.955	13.357	43.937	
Average Number of Houses Damaged by each Fire . .	2.999	3.763	2.149	3.003	11.871	
Average Area (in <i>tsubo</i>) to which the Fire Extended in each case	17.422	20.712	19.126	21.114	19.036	
Causes of the Fire	{ Negligence . .	800	795	874	1,012	897
	{ Fraud	59	33	35	32	33
	{ Lightning and other Causes .	53	27	26	20	18
Number of Fires	{ with Disastrous Consequences .	225	175	193	249	182
	{ without do. do.	687	680	742	815	766

(1) 1 *tsubo* = 3.3058 sq. metres.

Province of Tokyo.

	1903	1904	1905	1906	1907
Total number of Houses . .	567,898	(1) 556,470	610,744	637,543	666,694
Number of Disasters	836	874	1,054	908	1,003
Number of Houses Damaged by Fire	1,721	1,558	1,885	2,825	2,652
Area (in <i>tsubo</i>) to which the Fire Extended	23,584.00	22,654.00	18,096.00	37,788.00	34,606.00
% of Houses Damaged . .	3.030	2.800	3.086	4.431	3.978
Average number of Houses Damaged by each Fire .	2.059	1.783	1.788	3.111	2.652
Average Area (in <i>tsubo</i>) to which the Fire Extended in each case	13.704	14.540	9.600	13.730	13.049
Causes of the Fire	Negligence . .	592	615	658	732
	Fraud	150	137	305	98
	Lightning and other Causes .	94	122	91	125
Number of Fires	with Disastrous consequences.	109	130	150	160
	without do. do.	727	744	904	748

(1) This decrease in the number of houses is due to the fact that, for the quarter Kyobashi at Tokyo, in the earlier years the calculation was made in accordance with the census register, while from 1904 the results of the labours of the sanitary commission have been utilised.

Province of Osaka.

		1903	1904	1905	1906	1907
Total Number of Houses . .		319,678	330,378	330,359	347,342	358,131
Number of Disasters		250	274	260	284	332
Number of Houses Damaged by Fire		377	425	401	578	628
Area (in <i>tsubo</i>) to which the Fire Extended		5,661.49	12,449.22	5,607.71	8,934.00	12,227.07
% of Houses Damaged . .		1.179	1.692	1.213	1.664	1.754
Average number of Houses Damaged by each Fire . .		1.508	1.551	1.542	2.035	1.892
Average area (in <i>tsubo</i>) to which the Fire Extended in each case		15.017	29.292	13.984	15.457	19.470
Causes of the Fire	Negligence . . .	201	249	241	250	308
	Fraud	37	15	11	10	17
	Lightning and o- ther Causes .	12	10	8	24	7
Number of Fires	with Disastrous Consequences .	74	66	61	86	95
	Without do. do.	176	208	199	198	237

From these tables we see clearly the immense difference in frequency and in gravity of the fires, a difference which keeps down the general average per thousand of houses damaged by fire in the whole country. It was, as we shall see hereafter, as low as 4.416 for the three periods of

five years from 1893 to 1907, notwithstanding that, for example, in the province of Hokkaidô, in 1907 the average per thousand rose to the enormous figure of 43.937. This was due to the extensive fire that devastated Hakodaté in that year. In that city alone, which had only 23,200 houses, in the nine fires that broke out in that year, 8,989 houses (368.27 ‰) were destroyed in a total area of 168,125 *tsubo* (ha. 56.49).

The following table gives us an opportunity of noting how, the very great differences in the component parts, is compensated for in the general average for the period and the various localities, so as altogether not to give a result very different from that of the European States (1).

Comparative Statistics						
Five Years 1903-1907				Five Years 1903-1907		
Locality	Total Number of Houses at the Beginning of Each Year	Total Number of Houses Damaged by Fire	‰	Total Number of Houses at the Beginning of Each Year	Total Number of Houses Damaged by Fire	‰
Hokkaidô.	1,141,322	22,411	19.636	2,737,540	47,702	17.425
Tokyo (city)	2,393,306	7,197	3.007	5,507,256	22,482	4.082
Tokyo (Province) . . .	3,039,349	10,641	3.501	7,174,368	38,578	5.377
Osaka (city)	868,651	1,411	1.624	2,256,491	3,394	1.504
Osaka (Province) . . .	1,686,068	2,409	1.429	4,643,343	5,923	1.276
Average and total in the whole of Japan .	45,155,515	173,198	3.836	125,581,823	520,707	4.146

(1) Cfr. *Bulletin of Economic and Social Intelligence*, April, 1912, pp. 77 et seqq.

INSURANCE

SWITZERLAND.

CURRENT QUESTIONS.

The Proposals of the Swiss Peasants' Secretariat with regard to Accident Insurance.

In the April number of our Bulletin, page 121, in dealing with the new federal law on sickness and accident insurance, we said that this law created a system of compulsory insurance for certain classes of undertakings indicated in it. On the contrary, the law considers that the system of voluntary insurance is more suitable for agriculture, and has entrusted the Federal Assembly with the duty of fixing the conditions for this insurance. The law only declares that every person of at least fourteen years of age, for whom insurance is not compulsory, may apply to be insured in the National Institute provided he have his domicile in Switzerland. And, as purely voluntary insurance implies a sacrifice, and an individual effort on the part of the person insured, and, consequently, deserves to be encouraged, the law declares that the Confederation shall contribute an annual amount of an eighth of the total premium (that is, for professional and non-professional accident insurance) for each person voluntarily insured whose income does not exceed three thousand francs. Finally, the law adds that the Federal Assembly shall take account of the special circumstances of agriculture and the other professions admitted to this insurance, principally in relation to notification and declaration of accidents, prevention of same, benefits assured and calculation of premiums. The National Insurance Institute of Lucerne must submit the necessary proposals to the Federal Council.

The Swiss Peasants' Secretariat had already, in 1907, prepared a scheme of organization of insurance against agricultural accidents, the principal details of which we gave in the article above referred to. However,

in the last few months, considering that the law of April 4th. has not only modified the principles on which the scheme was based, but also raised many new and important questions, the association has thought it well to amend its original scheme in relation to the new law and again to state the desires and requirements of Swiss farmers in regard to the approaching organization of accident insurance.

In preparing the bill for this insurance, the Federal Council will have to take account of the desires expressed by this important agricultural association, and, as they have been recently published (1) by the Manager of the Association, Dr. Ernest Laur, we think it advisable here to mention the proposals which appear to us most important.

(a) The first question dealt with by the Swiss Peasants' Secretariat is that of the *persons insured*, and of fixing precise limits between agriculture and industries subject to compulsory insurance, on the one hand, and agriculture and those subject to the various kinds of voluntary insurance, on the other. The law, as we know, imposed compulsory insurance on the same classes of undertaking as were before under the régime of civil liability, that is to say, undertakings in which machines were most in use and the life of the labourer was exposed to the greatest risk. But there are undertakings of an intermediate character, between industrial undertakings considered by law as subject to compulsory insurance and agricultural undertakings exempt from the obligation; as, for example, a small brewery on a farm, transport business, gravel quarrying, etc. It is evident that doubts and difficulties may arise in the matter. For their settlement, the Swiss Peasants' Secretariat makes the following proposals:

(1) "Insurance shall not be compulsory for persons engaged in farm work when machine motor force is used on the farm or when it is in connection with an industrial undertaking for which insurance is compulsory. Employees on a farm engaged in accessory business for which insurance is compulsory must be insured by this business for the time they work in it". This latter provision will be understood when it is remembered that, very often, when agricultural work is performed in connection with an industrial undertaking for which insurance is compulsory (as for example a transport business hiring out its vehicles or draught animals), it is necessary to have recourse to the assistance of the farm labourers.

(2) "In undertakings which are both concerned with agriculture and transport, the employees or labourers principally occupied with transport for outsiders must be insured. Farm labourers incidentally engaged in transport work shall not be subject to this obligation."

(3) "As transport businesses are to be considered such businesses as keep draught animals and transport material with the intention of devoting themselves exclusively or principally to professional transport for outsiders, for remuneration".

It is more difficult to distinguish between agriculture and the other groups of professions for which insurance is voluntary. According to the report on the scheme we are examining, "the characteristic of agriculture is not so much the utilisation of the soil as of vegetable and animal germs." But agriculture must be distinguished from forestry, in which the risk of accidents is far greater. A forestry undertaking in connection with a farm must only come under the law on agricultural accidents when the area of the forest is not more than ten hectares, or, in case of farms with more than ten hectares of forest, when the forest area is not greater than that under cultivation properly so called. With regard to the accessory undertakings in connection with agriculture, the Swiss Peasants' Secretariat proposes to admit them freely to the enjoyment of the benefits of the law; it also considers that the following should be insured against agricultural accidents: (1) masters and employees in undertakings, who, with the object of gain, devote themselves to farming domestic animals or to the cultivation of the usual plants; (2) the staff of schools and establishments to which a farm is attached; (3) the administrative staff of the agricultural syndicates and co-operative societies for production, purchase or sale; (4) the staff of dairies and cheese factories; (5) the judges and staff of agricultural shows. Forestry and horticulture, winemaking, distillation, dairying, cheesemaking, trade in cattle and the produce of the soil, and housekeeping shall be considered as branches of agriculture, if carried on in connection with a farm.

The working of the sub soil of an estate for quarrying gravel or for the exploitation of rock, etc., shall only be considered as in connection with the farm when these quarries or gravel pits are worked by the staff and with the animals of the farm either as their principal or secondary occupation.

(b) With regard to the *object of the insurance*, the Swiss Peasants' Secretariat, taking into consideration the fundamental principles of the law on compulsory insurance, proposes that even voluntary agricultural insurance shall not concern itself only with accidents befalling the person insured in the exercise of his profession, but extend also to non-professional accidents, in so far as they are the cause of sickness, invalidity or death.

(c) *The calculation of premiums and benefits assured* had already been the object of a study on the part of the Federal Department of Industry in 1900 when the first bill on compulsory insurance of both industrial and agricultural accidents was presented. The Swiss Peasants' Secretariat generally utilised the calculations made in the bill; however, considering that the benefits therein established were a little inferior to those

offered by the new law, it would increase the premiums 10 %. As we have already said, every year the Confederation pays an eighth of the total premium for each person insured. The Swiss Peasants' Union had asked on the contrary, that the subvention be fixed at 6 francs per person insured, considering that the eighth contemplated in the law was not enough for farm workers exposed to more serious risks and obliged in consequence to pay higher premiums, but this desire was not realised in the law. In any case, the report we are considering admits that if the allowances corresponding to the premiums calculated are not always sufficient for the maintenance of a labourer, victim of an accident, they will be a very appreciable help. The farm workers insured might be divided into four classes :

(α) in the first, the employer or the party insured would pay a premium of 7.20 frs. per ann. (0.60 frs. per month). The benefits would be the same as for compulsory insurance, but instead of being calculated as percentages of the wages, they may be fixed as follows : (1) an unemployment allowance of 50 centimes per day ; (2) in case of absolute incapacity for work, a pension of 10 francs per month ; (3) in case of death, a total maximum pension of 8 francs to the survivors, 5 francs for the widow, 5 francs for the widower if incapable of work, 2.50 frs. per child, 3 frs. per orphan, 3 frs. to be divided among parents or grand parents, brothers and sisters.

(β) in the second class, the annual premium would be 12.60 frs. (or 1.05 per month). The unemployment compensation and pensions would be double those in the first class.

(γ) in the third class, the annual premium would be 18 frs. (or 1.50 fr. per month). The unemployment compensation and pensions would be three times what they are in the first class.

(δ) in the fourth class, the premiums and benefits, independently of the federal subvention, may be calculated on the principle of compulsory insurance as percentage of wages. The pensions of the first three classes will be increased, if the financial position permits of it. If the premiums are not enough to pay the above pensions, they shall be increased in proportion.

(*d*) With regard to *insurance of day labourers*, the Swiss Peasants' Secretariat proposes the establishment of total compensation. According to this system, the farmer will not be obliged to advise the Insurance Institute of every change in his staff and keep a special register for day labourers. The premiums should be based on the greater or less area of the estate ; their amount may afterwards be fixed by the National Institute. The National Institute would then, on payment of a total amount, insure the foreign day labourers and other employees temporarily engaged in farm work. This insurance would be against accidents of every kind (professional and non-professional) that may befall the persons insured in the serv-

ice of the farmer. The premiums must be paid by the farmer and shall be calculated as total premiums. The Swiss Peasants' Secretariat, in its well known enquiry into the "returns from Swiss Agriculture," calculated the average number of days that the work of auxiliary labourers lasts, according to the greater or less area of the estate, and in accordance with the results of that enquiry, it considers that on holdings of less than a hectare the average term of employment of day labourers is one month, in those of two and three hectares, two months, etc. So the insurance premiums for labourers would be graduated as follows :

Holding of less than 1 hectare : 1 monthly premium of the class in question
(that is 0.60, 1.05,
1.50, etc.).

Holding of	from	2	to	3.9	hect.	:	2	monthly	premiums	„
„	„	„	3	„	4.9	„	:	3	„	„
„	„	„	5	„	9.9	„	:	4	„	„
„	„	„	10	„	14.9	„	:	5	„	„
„	„	„	18	„	19.9	„	:	6	„	„
„	„	„	20	„	29.9	„	:	7	„	„

For each additional ten hectares we may reckon an additional month of occupation of the labourers, and consequently may add another monthly premium of 0.60 fr., 1.05 fr., 1.50 fr., according to the class.

Labourers on wage, bound by contract for a certain period, who do not work only as extra hands, must be insured individually ; further, when the employment of the extra hands is quite specially important, the National Institute has the right of asking for supplementary premiums or of extending the obligation of personal insurance to them.

(e) With regard to the means for *prevention of accidents*, the Swiss Peasants' Secretariat remarks that it would be too much to exact from the person voluntarily insured what the law demands from the compulsorily insured, that is, that in his undertakings, he should employ all the preventive measures experience has shown the necessity of, the application of which are allowed by the circumstances and the advance of science. In fact there would be a danger of placing the master who voluntarily insures his workmen in a position of inferiority to the master who does not ; it might be more efficacious, on the contrary, to urge the application of precautionary steps to be taken against accidents, to allow a reduction of premiums in the case of undertakings presenting lower risks, or to im-

pose higher premiums in the case of those least disposed to apply new precautionary measures. More especially those agricultural undertakings engaging to submit to all the preventive regulations established by the National Institute, or to any of them, should benefit by a reduction of premiums, up to 20 %. The premiums to be paid by farms where the risks are specially great may be increased up to 50 % of the average premium.

(f) The regulation for compulsory insurance relating to the keeping of a list of *work and payment* cannot be applied to agriculture. As is justly observed in the report, information obtained from neighbours, from the communal council or the employees, provides a much more efficacious check than any register. The farmer's work is not carried on in a closed building, but in the sight of everybody and, consequently, it is easy to control the accuracy of such information. In order, as far as possible, to free the policy holders from the formalities of registration, it is proposed that when the employer insures all his workmen, including the day labourers, he shall be dispensed from communicating to the National Institute every future change in his staff, except any increases or decreases in the number of those insured.

(g) With regard to *insurance of third parties or liability insurance*, the Swiss Peasants' Secretariat considers that the National Institute should, for the account of the head of the farm, insure third parties against any accident occasioned by a slight fault of his, for the consequences of which he is legally liable. Persons employed on the farm in virtue of a labour contract, and members of his family living together with the farmer, must not be considered third parties.

The National Institute shall undertake to pay the salary, the expenses and compensation fixed by mutual agreement or by the courts that the head of a farm insured against accidents to third parties has to pay to or for a third person in consequence of an accident due to a slight fault of his. The payments made by the National Institute may never exceed the amount the third person would receive if he had been compulsorily insured. If many persons are victims of one accident, the compensation the National Institute has to pay may never exceed an amount of 5,000 times the premium paid by the head of the farm for insurance against accidents to third parties.

Article 119 of the law formally declares that for liability insurance, a federal subsidy can only be granted by means of the law. The Swiss Peasants' Secretariat, convinced of the necessity of propagating this species of insurance among the rural classes, proposes to ask the Government soon to present a bill for the reduction of the premiums for this insurance and for enabling even small landholders to benefit by it. If the Confederation pays a subvention of 3 francs per farm insured, the master's premium

might be fixed at 60 centimes per hectare. For animals in enclosed grazing grounds in summer, when the area enclosed is not included in that insured, the farmer should pay a premium of three francs per bull, 30 centimes per head of horned cattle, and 10 centimes per head of sheep or goats.

As we see, the proposals of the Swiss Peasants' Secretariat, which we have here briefly summarised, are based on reasonable principles and evidently dictated by experience of practical farm life. We shall soon have the opportunity of seeing how they may be reconciled with the proposals of other groups of voluntarily insured persons and report what the National Insurance Institute of Lucerne shall decide on the matter.

PART III.

CREDIT.

CREDIT

GERMANY.

CURRENT QUESTIONS.

The Organisation of the Cadastre and Land Registers in Germany.

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§ 1. *The Importance of a Good System of Land Law.*

The basis of credit in the widest sense of the word is the knowledge of the material resources of an individual and the confidence that he is really ready to fulfil his obligations. But as the good will of the debtor is only a subjective element, it is necessary, in addition, to have external or, in other words, legal means for recalling him to his duty and to assure ourselves that such steps are not taken in vain there must be a means of proving clearly the amount of his assets. Consequently, in countries in which the law assists the creditor to prove the solvency of the debtor and to prosecute the negligent debtor, abuse of credit is rarer, and, on the other hand, thanks to the general and well founded confidence, persons worthy of credit obtain it readily on easy conditions.

The utility of good legal institutions for the protection of the creditor is still more clearly striking for the borrower in case of loans on security and especially on mortgage security. When a capitalist may ascertain incontestably that a person possesses landed property, when he knows the situation, the area, the nature of the soil, the yield of the land and the burdens on it and is sure that, in case of non-payment, the law guarantees him the capital he has advanced by means of an execution on the property neither complicated nor costly, he will not hesitate to lend his money on mortgage of the real estate, and will even prefer — as is the case in all countries where there is a good system of land and mortgage legislation — safe mortgages to any other investment. *Without a good system of mortgage legislation and a real possibility for carrying it out, there is no good land credit* (1).

In preceding articles we have seen the development of land credit and above all of rural land credit in Germany. We shall now see to what degree this development has been prepared and facilitated by the land and mortgage legislation. Such legislation had first of all to establish the situation, the area and the nature of the various real estate properties of Germany, by the institution of the various cadastres, and then to show in public registers all the rights (ownership, mortgages, servitudes, etc.) over each of these properties, which was done by means of the laws on land and mortgage registers.

(1) Cf. with regard to this the introduction to the article: "The Establishment of the Cadastre and the Organization of Land and Mortgage Registers in Denmark," *Bulletin of Economic and Social Intelligence*, No. for June, 1912, p. 115.

§ 2. *The Organisation of the Prussian Cadastre.*

In order to give an idea of the present state of the organization of the cadastre in Germany, where, in some States it was established in the seven-teenth and eighteenth centuries, it will be enough to give a detailed description of the Prussian cadastre. The cadastre was established in the Rhenish Provinces and Westphalia between 1818 and 1835, and about 1840, in the 7 (then 6) ancient Eastern provinces between 1861 and 1865, and in the territories acquired in 1866, between 1868 and 1878.

The land had to be entirely surveyed in the case of the Rhenish Provinces and Westphalia (with plans on the scale of 1 in 5,000), while in the Eastern Provinces, 15.7 % only of the area had to be again surveyed, as, for the rest, there were already plans sufficiently accurate to be utilised immediately for the cadastre.

The survey for the new provinces acquired in 1866 was carried out on the basis of the old plans of the various States annexed. In many of these provinces, as, for example, in Hesse Nassau and Hanover, the existing cadastres could be utilised, so that new cadastral operations were only necessary for $\frac{2}{3}$ ths. of the area. Elsewhere, on the contrary, as in Schleswig-Holstein, almost the whole of the territory ($\frac{9}{10}$ ths.) had to be surveyed.

As most of this surveying was done and most of the plans made in this way principally with a view to the land tax and often for the requirements of the Army staff, these cadastres, called land tax cadastres, had to be revised, *when, in 1872, they were made to correspond with the land registers.* Mortgages were registered in Prussia, after the publication of the Prussian Mortgage Code in 1783, in mortgage registers in which no account was taken of the topographical situation, nor of the owner's right over the real estate. Only the law on purchase of landed property, etc., and the law on land registers, both of May 5th., 1872, made the owner's right in the greater part of the Kingdom depend on registration in the land register and established that the land tax (*Grundsteuer*) and buildings tax (*Gebäudesteuer*) registers were to serve as the basis for the new land registers. Thanks to these new legislative provisions, it could be clearly shown, in each case, who was the owner of a landed property, what was its situation and the area of the land according to the plan, and what rights third persons had over it.

Its importance being thus increased, the cadastre was completed and brought up to date in the next few years.

The Survey of the landed properties is now entrusted to the Central-Surveying Office, consisting of the chief of the Army Staff and of commiss-

ioners of the various departments, whilst the cadastre itself is placed under the management of the Finance Department. Dependent on that Department there is, in each province, a provincial cadastral office (*Katasterbureau*), with one or two cadastre inspectors at its head, and, as employees, cadastre secretaries. Finally, the local authority is represented by cadastral bureaux (*Katasterämter*), which embrace one or more communes in their scope and employ cadastre inspectors and surveyors.

The technical organization of the Prussian cadastre is now as follows : For survey purposes the whole Kingdom is divided into 40 systems of coordinates, serving as a basis for the trigonometrical survey, which covers the whole country with a network of triangles and polygons.

By means of this system of lines, the central points of which are marked on the ground, the cadastral plans are established and corrected.

They, in their turn, serve for the cadastre properly so called, that is, for the land tax cadastre, which, as we have seen, serves a variety of purposes.

This cadastre is composed of 3 registers : (a) the landed estate register (*Flurbuch*), (b) that of the General list of holdings for the purposes of the land tax (*Grundsteuermutterrolle*) and (c) the index (*Artikelverzeichnis*).

These land registers are established separately for each commune or noble estate. They are in immediate relation with the communal plan (*Flurkarte*) and must show, except in the case of the two older Western provinces : (1) the year of the change made in the form of the landed property ; (2) the number of the page of the communal map ; (3) the number of the section of the map ; (4) the folio of the general list of ordinary land tax contributions ; (5) the title in the land register ; (6) the names, surname and profession of the owner ; (7) the place of his domicile ; (8) the situation of the property ; (9) the kind of crops grown ; (10) the quality of the soil ; (A) land subject to land tax : (11) the area ; (12) the net revenue. (B) Land exempt from land tax : (11) the area ; (12) the net revenue. (C) Land for public use and consequently giving no revenue : (a) (15) land (roads, etc.) ; (b) (16) water (rivers, etc.). (D) (17) Poultry Yards.

The general list of holdings for the purpose of the ordinary land tax (*Grundsteuermutterrolle*) is also established separately for each commune and noble estate. It gives, in separate folios called *Artikel*, indications as to the area, the net revenue and the amount of land tax for the whole number of landed estates belonging to one and the same proprietor. Finally, the index of the folios only gives a concise summary.

To sum up, the Prussian cadastre is a cadastre based on the estimated yield of the parcels of land. The parcel as numbered in the cadastre is the fundamental unit. The number of parcels possessed by one individual forms a "property."

All the originals of the cadastral documents, as well as the rough draft of the original plans, the plans of communes (*Flurkarte*), the estimates of area, the landed property registers (*Flurbuch*), the general lists of ordinary land tax contributions (*Grundsteuermutterrolle*) etc., are preserved in the archives of the provincial administration. There are only deposited in the cadastral bureaux the final plans and the copies of the books in which changes are entered and which are checked every year with the original documents. Just as between the archives and the Cadastral Office, there are close relations between these latter and the offices that keep the land registers. In the same way, the land registers are corrected annually on the basis of communications from the cadastral office.

§ 3. *The History of the Land Registers in the Various States of Germany and the Law on German Land Registers.*

In contrast with Roman Law, which generally is the same for real and personal estate, German Law very early presented the peculiarity of a quantity of special legal regulations in relation to landed property. If at first transfer and pledge of real estate had to be made similarly as in Roman Law in public before the popular courts, at the beginning of the 13th. century we already find public registers. These were the predecessors of the modern mortgage and land registers. As legislation in this matter was very long left to the towns and the various States, it is not surprising that there was in Germany, up to the moment of the promulgation of the Imperial Law on Land Registers of March 24th., 1897, a whole series of mortgage and land registers, of which there still remain some traces even to-day, as we shall see hereafter.

In respect to the principle of publicity, more or less pronounced, of these registers, the law divided them into three groups, according to their systems :

(1) *The system of Inscription and Transcription.*

This system, which is also that of the French law, prevailed in the Bavarian Palatinate, the Grand Duchy of Baden, Rhenish Hesse, and in the Principality of Birkenfeld (part of the Grand-Duchy of Oldenburg). According to this system the rights of ownership and pledge rights, and privileges must be registered, but these rights are not constituted by registration.

(2) *The System of Mortgage Registers.*

This system was in force in Prussia from 1783 to 1872, in Bavaria, Württemberg, the Grand Duchies of Saxe-Weimar, Mecklenburg-Schwerin

and Mecklenburg-Strelitz (in these two countries only for noble estates) and in the Principality of Schwarzburg-Rudolstadt up to 1897. According to this system of mortgage registers, a mortgage cannot exist without being entered in the registers, whilst registration is not necessary to constitute right of ownership or of privileges.

(3) The *System of Land Registers* was in use in Prussia (from 1872), in the Kingdom of Saxony, the Grand Duchy of Oldenburg, in the Duchy of Saxe-Coburg-Gotha, the Duchies of Brunswick, Anhalt, and Saxe-Meiningen, in the Hessian Provinces of Upper Hesse and Starkenburg, in the Principalities of Schaumburg-Lippe, Lippe-Detmold, Schwarzburg-Sondershausen and Reuss, in Hamburg, and Lübeck, and in the Grand Duchies of Mecklenburg-Schwerin and Mecklenburg-Strelitz. The system consists in this, that all real rights connected with a certain property must be registered in the land registers and that these rights are constituted only by registration.

To bring order into all this chaos of different institutions (in a part of Ratzeburg and at Bremen there were no such registers at all) was the important task of the Imperial law on Land Registers of March 24th., 1897, which definitely adopted the third of the above systems, that is to say, that of the land registers. Whilst the Imperial Civil Code of 1896 includes the material land law, the new law codifies formal land law for the whole Empire though leaving a certain freedom to the special legislatures of the various States. It does not besides prescribe the immediate establishment of new land registers, but it admits the gradual transformation of the registers for inscription and transcription and the mortgage registers into land registers.

§ 4. *The Authorities Entrusted with the Keeping of the Land Registers.*

The new Imperial Law decrees that the land registers shall henceforth be kept by the *Grundbuchämter* (Land Offices). Free power is left to the States to organize these offices. As, before the promulgation of the law, the registers were entrusted to the courts or to the communal administrations, or, finally, as in Alsace Lorraine, to the mortgage registrars, financial authorities dependent on the Financial Administration, the usage has generally been maintained and the books have been left with the authorities accustomed to keep them, with the exception, however, of the mortgage registrars, whose office was abolished in 1900 in the countries mentioned. Thus, to-day, the land registers are entrusted in Prussia and most of the other States, to magistrates, as within their voluntary jurisdiction, whilst in Württemberg and the Grand Duchy of Baden it is the

communal notaries, and in Mecklenburg-Schwerin and Mecklenburg-Strelitz, the town officials who keep them. In other parts, as at Hamburg, there are independent mortgage offices.

An important question, which was long discussed, was whether to entrust these registers to magistrates or to persons of legal education or to mere employees of administrative character. It has now been decided almost everywhere in favour of employees of legal character. In addition to the magistrates who keep the land registers, in Württemberg and Baden the notaries and employees must also have had legal education, and the employees of the Hamburg mortgage offices, or at least some of them, are recruited among lawyers.

There are two or three reasons for this preference in favour of lawyers. In the first place, the keepers of the registers must often be skilled in legal questions, for example, when it is a matter of judging if the person applying for registration is entitled to apply or whether such or such a right should be registered. Then, a simple employer, who has not sufficient legal knowledge would have to have a very long service before he would be fitted for the manifold duties of the position. Every change in the staff would cause considerable risks and difficulties. And finally the contents of the books are of such a nature that indiscretions on the part of the keeper might considerably damage the interests of the landholders and of other persons. This is why it is preferable, although the Imperial Law does not make it compulsory, almost always to place these registers in the hands of legally qualified persons and State officials.

§ 5. *Present Organization of the Land Registers.*

The Imperial Law on land registers leaves the organization of these registers to the legal administration of the Confederated States. It, however, insists that the books be kept according to districts, that the designation of the lots of land be that of the official registers, in which the landed properties are enumerated by letters or figures, and the establishment of which is arranged by the federated State. According to the new Imperial Law each lot of land must have a place (a special folio) in the land registers. When a landholder has many lots of land in the same district they may be registered in a single folio. These personal folios must not be allowed if they lead to any confusion. When there is any likelihood of confusion, a piece of land shall not be described in the books as dependent upon another, but a separate folio shall be assigned to it. When it is desired to impose a burden on a portion of a landed property, except in the case of real charges and servitudes, a special folio must be opened

For rights relating to the area, separate folios may be opened. This is compulsory when the rights are subject to a charge. Documents serving as basis for registration must be kept in the offices for keeping the land registers.

Except for these general rules to which that of publicity is added, that is the obligation of allowing anyone who has a justifiable interest in the matter to consult the registers, the Governments have every liberty as to the organization of the land registers. However, the differences in organization are less than might be expected.

Almost all the land registers in Germany are regulated according to 6 principles (1) registration; (2) consent; (3) legality; (4) priority; (5) publicity and (6) speciality, though there are some exceptions to these.

Most of the German land registers are based on the land tax registers. Although, there is as we have seen, constant correspondence between the two kinds of register and the cadastre which supplies them with plans and accurate information, it is not, however, necessary that they should be established for the same districts.

When a landed property is registered in the land registers, the commune and the district in which it is situated, its cadastral number, its plan, its area, the kind of cultivation to which it is subject, the land tax, the estimated value, the amount for which it is insured against fire, and, at the request of the owner, or a person having rights over it, the real rights to which it is subject (right of pre-emption, servitudes etc.) must be shown.

A distinction is generally made between "personal" folios and "real" folios in the land register, to which in Prussia there are also added folios of mixed character for the parcels (*walzende Grundstücke*).

Each folio includes several pages. Several folios are bound together in volumes. The folios of the land registers show divisions or headings and subdivisions separated by lines. The number of the headings varies in the different States from two to four. The first of these headings is the "title." In Prussia and the States that follow its laws in this matter (Hamburg, Saxe-Coburg-Gotha, Brunswick, Lippe-Detmold, Schaumburg-Lippe and Schwarzburg-Sondershausen) the number of the headings is 4 (see Schedules), the last of which is reserved for mortgages and *Grundschulden*. This system was also adopted in 1893 by Bavaria for its territories on the right bank of the Rhine. In the Kingdom of Saxony, in Mecklenburg and the Duchy of Anhalt, there are three headings in the registers, whilst in Württemberg, Saxe-Weimar, the Principality of Schwarzburg-Rudolstadt and Mecklenburg-Strelitz (but in the latter country only for rural land), there are only two headings, one for the designation of the owner of the landed property, whilst the other shows the real burdens on the land.

Most of these countries still follow the same systems as before. Where, as in Hesse-Darmstadt, Saxe-Weimar, Saxe-Meiningen, Hamburg, Württemberg and the Grand Duchy of Baden, two separate books were used for registration of the rights of ownership and charges, these two books may continue in their ancient form and will be considered henceforth as forming together the "land register."

The divisions, or, in the last mentioned countries, the books for registering ownership and charges, are subdivided in principal and secondary columns.

In Prussia the first division of the folios is headed *Titelblatt*. Here we find the name of the court where the land register is kept, the number of the volume and the folio and two columns, the first of which contains the list of the holdings constituting the property and the second the enumeration of the secondary rights derived from the right of ownership over the land.

The divisions 2, 3 and 4 contain the real matter of the land register.

Division No.2 in its first column shows the name of the present owner of the real estate, in the second, the title under which and the date on which he acquired right of ownership. When the land changes hands, the change gives occasion for a special deed entered into before the magistrate by the two parties (*Auflassung*). In case of transfer through inheritance, the magistrate may make the registration in accordance with a certificate of inheritance. In the third column, finally, entry is made of the purchase price, the estimated value of the estate and the amount for which it is insured.

The third heading shows all the charges on the land, except mortgages, *Grundschulden* and debts contracted under form of rent (*Renseuschulden*). This subdivision has eight columns; the first for the number of the registration, the second for that of the real estate. The character and date of creation of the charge are shown in column 3, whilst columns 4-6 give information as to later changes in these charges; and columns 7 and 8 show the cancellations.

The fourth heading, which has the most importance for us, is that of pledge rights. It is reserved for mortgages, *Grundschulden*, and debts giving rise to payments as rent. Columns 1 and 2 of this page again show the numbers of the entry and of the real estate; column 3 the amount to which the land is burdened; column 4 the character and date of the pledge right; then columns 5 and 7 show changes made at a later date in this right and columns 9-11 the cancellations.

§ 6. *Various Real Rights that may be entered in the Land Register.*

In Germany the land registers are generally only intended for the registration of real rights and of certain other rights limiting the exercise of the right of ownership, such as judicial and other notes, and the special legal institutions of the States, as, for example, the kind of entail, right of primogeniture, water rights and obligations.

But the number of real rights that may be registered is also limited. Taking the Prussian land register as a basis, we may divide the real rights that may be registered in three groups. These are (1) the right of ownership and the area to which it extends; (2) servitudes, right of pre-emption and real charges (*Reallasten*), and (3) pledge rights.

(1) As regards the right of ownership and the area to which it extends, we have already said that it may give occasion for a folio in the land register. In Prussia this right is habitually described in detail under the second heading.

(2) With regard to servitudes that may be entered in the land register, the German law recognises:

(a) *servitude over land*, that is the inalienable right possessed by a landholder to the enjoyment of a positive or negative servitude over another property. This servitude must be registered both in the folio of the dominant and of the servient tenement.

(β) *usufruct*. This right, must be registered in the folio of the servient tenement.

(γ) *limited personal servitude*, that is the untransferable right of a person during his life to make use of the property of a third person in a definite and limited manner. The exercise of this right can only be transferred when it has been agreed in advance that it can be. It is registered in the folio of the servient tenement.

Right of Pre-emption must in every case be registered in the folio of the servient tenement. In case of such a right, attaching to the property, that is to say, if the person having right is not a person definitely named, but the owner of certain landed property, the right must then also be registered in the folio of this latter tenement.

Finally, with regard to *real charges*, that is to say, the right of a determinate person or the owner of a certain holding to the repeated use of another estate, may be in any case registered in the folio of the servient tenement, and, even, in the second case, in the folio of the dominant tenement.

(3) *Real Property Pledge Rights*. The fundamental principle in the case of these real pledge rights is that each must have its definite rank and,

consequently, each burdens the real estate for a certain amount. When such right is extinguished and cancelled for any reason whatever, the other rights do not automatically take the place of the extinguished right, as is the case, for example, in French law, but they are transformed into a right peculiar to the German legal systems (*Grundschild*), belonging to the proprietor himself.

Thus, in Germany three real property pledge rights must be distinguished, which may or must be registered in the folio of the servient tenement in the land register, or :

(α) *mortgage*, of which we shall speak more at length ;

(β) *Grundschild*, that is the independent mortgage right, of which we have just spoken, and which may or may not originate in a credit. Since this burden (always expressed as a definite sum) on the land originates independently of it, it may also be possessed by the owner of the real property himself. The nature of this charge on land must also appear in the land register, which for its establishment only shows the date and the amount, whilst it must also show in the case of mortgage the legal reason for which it is established.

(c) a special form of this charge on land is the *Rentenschuld* (debt giving rise to rent). The *Rentenschuld* is independent (without indication of the reason for which it has been formed) of the real property and consists in the regular payment of rent. It is true that in the case of such a debt, the land register must also mention the capitalised value of this rent (called redemption amount). But the creditor cannot exact this amount and can only claim the regular payment of the rent. Redemption can only take place by agreement of the debtor, or, in case of deteriorations that may injure the creditor's rights by virtue of a judgment of the courts.

§ 7. Various Forms of Mortgage and Mortgage Law.

The real right which is of the greatest importance from the point of view of the owner of a real property, is, of course, mortgage, whilst the debt on land and the debt giving origin to rent, "*Rentenschuld*", play only a secondary part and only serve to complete the mortgage régime in certain special cases.

The German Mortgage Law, according to the provisions of the new Imperial Civil Code, habitually distinguishes three forms of this real property pledge right :

(1) mortgage under form of bond or conventional mortgage with deed of mortgage ;

- (2) mortgage merely entered in the land register, or conventional mortgage without deed ;
- (3) mortgage given as security.

1. The *conventional mortgage passed under form of a bond*, we may say is the most widespread form. Each mortgage bond must contain the same indications, the amount of the mortgage, the indication of the land mortgaged, the signature and the stamp of the employee entrusted with the keeping of the land register.

These particulars must be contained in the mortgage bond, under pain of its nullity. *Lettres de gage* issued by land credit institutions are also included under the head of mortgage bonds and are subject to the same rules.

The reason for the passing of a mortgage bond is not entered in the land register. And the creditor does not acquire the mortgage under form of bond (*Hypothekenbrief*) by the simple entry of the mortgage in the register, but there must be material transfer of the bond by the owner of the property. The creditor's right then depends on the possession of the mortgage bond. The mortgage can not be foreclosed or the rights it confers enforced, otherwise than by the presentation, before the keeper of the land register, of the bond and, if need be, of the various documents proving the right of succession of a new creditor.

To avoid any discrepancy between the register and the bond, the officials keeping the register are obliged to note any new entry affecting the mortgage on the bond, affixing their signature and stamp. This provision is of practical importance in a case, for example, of partial repayment of the debt or change in the order of precedence.

2. *Mortgage entered only in the land register.*

A mortgage may either be immediately created under this form, or a mortgage passed with bond may be transformed later into one without bond. The advantage of this latter form is evidently its greater safety ; its disadvantage lies in the greater difficulty of transfer, as the mortgage creditor's rights can only be transferred before the magistrate who has charge of the register.

3. *Mortgage Given as Security.*

In contrast with the conventional mortgage of which we have just spoken, this form of mortgage is not of great importance for land credit, whilst improvement credit will often require to have recourse to it. For

the validity of such mortgage given as security, it is not enough for it to be entered in the land register, the creditor must also prove his claim against the debtor. The passing of a mortgage bond is excluded in this case. However, it is possible to convert a mortgage given as security into a conventional mortgage or vice versa. Three sub-classes of mortgage given as security may be distinguished (a) mortgage in favour of the holder of another title; (b) maximum mortgage; and (c) mortgage on security for a definite debt. The first form will serve above all as a double guarantee for bills of exchange, etc.; the second as guarantee for credits for buildings and farm leases; the third to guarantee loans of large amounts for rather short periods, like those made by the Raiffeisen Banks.

§ 8. *Entries and Cancellations in the Land Register.*

When the law does not expressly prescribe otherwise, entries in the land book must only be made at the request of those concerned. Application must be made in person or through an expressly authorized notary. In any case the magistrate must register the date of application. In the case of several applications, entries are made in order of date. The magistrate is bound to make the entry requested, or, when there are reasons against it, to refuse the application, assigning his reasons. For each entry it is necessary to have the consent of the person whose rights are concerned, except when a judgment of the court takes the place of his consent. Similar consent is required for corrections in the registers. The *transfer* of a mortgage, of a *Grundschuld*, or of a debt giving rise to payment of rent, only needs the consent of the last creditor. On the contrary, for the *cancellation* of these three kinds of debt, the authorization of the owner of the property is also required.

Consent to registration or cancellation must be given, either verbally before the magistrate keeping the register, or by public deed or deed certified by the public authorities.

In the application for registration and in the consent thereto, the charge with its amount in German marks must always be shown.

Every entry must be dated and signed by the official in charge. Cancellation of a right or of a limitation in the exercise of a right is effected by means of the entry of a note of cancellation in the register. In Prussia, the entries cancelled are besides underlined in red ink (See Schedule).

When several holdings serve as security for a single charge, this collective charge must be entered in the folio of each landed property.

§ 9. Corrections in the Land Register, and Appeals against the Decisions of the Magistrate Keeping the Books.

As the absolute accuracy of the land register is to the interest both of the persons concerned and of the public, the law has attempted to give it a twofold guarantee. First of all, the employee is bound, when he has found that illegal entries have been made, to enter a protest in the register, *ex officio*. When a person interested, on the contrary, desires to protest against an entry, he must apply to the keeper of the register to correct the entry. If the employee considers the application well founded, he shall proceed to rectify it, or he must enter the protest in the register. If he refuse to take this latter step, the party interested may appeal to the court of the district to which the land register belongs. In the appeal other reasons may be included. Before deciding the case, the court may always order the keeper of the register to enter the protest. The court must communicate its decision to him with the reasons on which it is based. Against this decision appeal may be made to the court of appeal.

§ 10. The Land Registers as Basis of Mortgage and Real Estate Statistics.

It is evident that in addition to the cadastre and the land tax registers, the land registers afford information indispensable for modern statistics. First of all, they affect all landed properties, except a few subject to the provisions of common law, and thus supply extremely valuable material for statistics of the distribution of landed estates. The compulsory indication of the estimated value for the land tax permits of a statistical estimate of the landed estates, according to their value and their yield, whilst, finally, the indication of the burdens on land permits of the personal estate of the landowners being accurately ascertained, when a deduction has been made of their mortgage debts.

It is true that mortgage statistics based on land registers have also their disadvantages. Sometimes debts are repaid either in full or in part, without being cancelled, either through negligence on the part of the debtor, or in the case of successive instalments. In all such cases, the statistics based on the books show debts of the proprietor which really no longer exist. For this reason, the last Prussian census of 1902, which very happily combines an estimate of mortgage debt with personal debt was based

on the answers to a list of questions made for the purposes of taxation and not on the land registers. Other difficulties arise from simultaneous mortgages being registered on several holdings and from the mortgages given as security. As to the first class, it will be difficult to show the proportion of the debt for each separate holding, whilst for mortgages given as security, the debt in a large number of cases must not be considered as a real mortgage charge.

In spite of these defects, which will often only be eliminated or diminished by means of more or less arbitrary calculations, it cannot be denied that the importance of the land registers is not as great for land credit as for land and mortgage statistics.

EXTRACT FROM THE

Fromtispiece No 1.

Number of the Holding	Former Number of the Holding	Commune	Land Register		Register Serving as Basis for Tax on Unbuilt on Land	Register Serving as Basis for Tax on Buildings	Kind of Estate and Situation	Area in			Revenue as Estimated for Land Tax	
			Folio of Plan	Holding				ha	a	sq.m	m.	pf.
1	2	3	4		5	6	7	8			9	
1	—	Malken	2	$\frac{15}{2}, \frac{16}{2}, \frac{17}{2}$	4	28	Peasant Farm	61	24	30	1,234	50
2	—	Malken	3	$\frac{48}{34}, \frac{49}{34}$	5	34	Permanent Grass	0	78	14	24	30
3	1 and 2	Malken	3	$\frac{48}{34}, \frac{49}{34}$	5	34	Peasant Farm	62	02	44	1,258	80

PRUSSIAN LAND REGISTER.

Value or Use of Buildings	Number of the Holdings	Present Condition and Inscriptions	Number of the Holdings	Detachment of Parts
M.				
10	11	12	13	14
715	3	Registered at Date of Establishment of the Land Register, September 14th., 1898 <i>Magistrate Keeper of Register</i>	3	
—	—	—	—	
—	1, 2, 3	After transcription from Vol. II, fol. 26 entered as forming part of no. 1. N° 1 and n° 2. registered again in n° 3, Fe- bruary 18th., 1909. <i>Magistrate Keeper of Register</i>	—	

Frontispiece, No. 2.

Registration Number	Numbers of Holdings	Designation of Right	Change	Cancellation
1	2	3	4	5
1	2	<p>Right of Passage registered, over the Malken holding folio 3 lot ⁴⁷/₃₄ (vol. II. fol. 28). under heading II. no. 3. entered here, February 18th., 1909.</p> <p><i>Magistrate</i> <i>Keeper of the Register</i></p>		

Heading No. 1

Owner	Number of Holdings	Manner of Acquisition, Renunciation	Purchase Price. Amount assured against Fire
1	2	3	4
The Farmer Goufray Welker of Malken.	1	Registered at the date of establishment of this book, September 14 th , 1898. <i>Magistrate Keeper of the Register</i>	Ad no. 3. Dwelling House and Out-houses insured, March 13 th , 1911, for 14,300 Marks. Registered November 10 th . <i>Magistrate Keeper of the Register</i>
	2	Transferred and registered February 18 th , 1909. <i>Magistrate Keeper of the Register</i>	
The Farmer Hermann Jahnke of Malken.	3	Transferred and registered May 1 st , 1910. <i>Magistrate Keeper of the Register</i>	
Wife of Hermann Jahnke, as co-proprietor in Community of Property.	3	Registered in accordance with the certificate of the local magistrate of Crisburg, of April 26 th , registered May 12 th , 1910. <i>Magistrate Keeper of the Register</i>	

Heading No. 2

Registration Number	Number of Holdings Mortgaged	Charges and limitations of Owner's Right
1	2	
1	3	<p data-bbox="385 551 998 724"> <u>Right of Domicile for Life in Favour of Charles Welcher of Mal-</u> <u>ken in conformity with the agreement entered into by the Owner</u> <u>of the Holding on April 27th, 1909. For Cancellation of Right,</u> <u>Proof of Death of the Party shall suffice.</u> </p> <div data-bbox="434 761 530 786" style="display: inline-block; width: 45%;"> <u>Magistrate</u> </div> <div data-bbox="754 761 953 786" style="display: inline-block; width: 45%;"> <u>Keeper of the Register</u> </div> <p data-bbox="385 887 998 984"> The owner of the Malken estate, folio 14, shall always have right of passage over lot $\frac{16}{2}$. </p> <p data-bbox="467 1004 727 1029">Registered June 21st., 1910.</p> <div data-bbox="434 1066 527 1092" style="display: inline-block; width: 45%;"> <u>Magistrate</u> </div> <div data-bbox="749 1066 947 1092" style="display: inline-block; width: 45%;"> <u>Keeper of the Register</u> </div>

Changes			Cancellations	
In the Registration Number	Registration	Cancellation	In the Registration Number	
4	5	6	7	8
<u>1</u>	<p>The Mortgage registered under the <u>3rd Heading at No. 2. shall</u> <u>have precedence of this right</u> <u>in its order.</u></p> <p><u>Magistrate</u></p> <p><u>Keeper of the Register</u></p>		<u>1</u>	<p>Cancelled, May 16th, 1910.</p> <p><i>Magistrate</i></p> <p><i>Keeper of the Register</i></p>

Heading No. 3

Registration Number	Number of Holding Burdened	Amount in		Mortgages, Debts on Land, Debts giving rise to Payments as Rent
		marks	pf.	
1	2	3		4
1	2	22,000	—	Twenty two thousand Marks as Loan at 5 % from July 1 st ., 1898, to be repaid at six months' notice, registered in favour of the landholder, William Anger of Waizenau, at date of the establishment of this re- gister. September 14 th ., 1898. <i>Magistrate</i> <i>Keeper of the Register</i>
		— 2,000	—	
		20,000	—	
2	1	5,000	—	Five thousand Marks as Loan at 5 % in- terest, from October 1 st , 1901, repayable at six months' notice, to the merchant, Simon Ascher of Stettin, according to agree- ment with the proprietor, October 4 th ., 1901, registered October 14 th ., 1901. <i>Magistrate</i> <i>Keeper of the Register</i>
3	3	10,000	—	Mortgage on Security in favour of the Widow <u>Adeline Kettner of Danzig for the amount</u> <u>due by agreement concluded before the</u> <u>Danzig Court on June 29th., 1910. Regis-</u> <u>tered in conformity with the above valid</u> <u>agreement, on July 14th., 1910.</u> <i>Magistrate</i> <i>Keeper of the Register</i>

Changes				Cancellations				
In the Registra- tion Number	Amount in		Registration	Cancel- lation	In the Registra- tion Number	Amount in		
	marks	pf.				marks	pf.	
4	6		7	8	9	10		11
2	5,000	—	Five thousand Marks with interest reduced to 4 $\frac{1}{4}$ % from January 12 th , 1904 transferred to Frau Bertha Ackermann of Oel. Registered January 24 th , 1904. <i>Magistrate</i> <i>Keeper of the Register</i>		3	10,000	—	Cancelled, March 8 th , 1911. <i>Magistrate</i> <i>Keeper of the Register</i>
I	20,000	—	Twenty thousand Marks loan at 3 $\frac{1}{2}$ % and with $\frac{1}{2}$ % per ann. Sinking Fund registered in favour of the Prussian Central Land Credit Institute. Conformably to agreement of June 8 th , 1910. Registered June 15 th , 1910. <i>Magistrate</i> <i>Keeper of the Register</i>		I	2,000	—	Cancelled May 15 th , 1910. <i>Magistrate</i> <i>Keeper of the Register</i>

CREDIT

ARGENTINA.

CURRENT QUESTIONS.

Value of Land and Rural Mortgages in Argentina in 1911.

Sources:

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§ 1. *New Sales of Land and Value of Land.*

We have had occasion several times to publish information on the situation of rural land credit in the Argentine Republic in the Bulletin of Economic and Social Intelligence, and even this year we have published a detailed study on the value of land and rural mortgages in the State.(1) However, we have received new communications on the subject for the year 1911. By way of supplement and to bring our previous work up to date, we reproduce below the figures communicated to us, with our comments.

In 1911, 11,149,253 hectares of land were sold in the Argentine Republic, representing a total amount of 873,043,342 frs. This is a large figure, never attained in the ten preceding years, 1902-1910, as appears from the following table.

(1) See *Bull. of Econ. and Soc. Intelligence*, 1911, No. 8, p. 165.

" " " " , 1912, No. 4, p. 147.

" " " " , 1912, No. 7, p. 97.

Area and Value of Land sold in Argentina between 1902 and 1910.

Years	Area of Land in sq. kms.	Value of Land Sold in frs.	Average price per hectare frs.
1902	86,941	381,289,271	43.96
1903	82,793	366,514,623	44.26
1904	114,383	204,404,662	17.71
1905	162,909	520,571,729	31.95
1906	107,949	452,430,673	41.91
1907	66,169	390,141,347	53.54
1908	72,869	474,747,097	65.15
1909	86,424	581,923,980	67.33
1910	117,875	600,976,316	50.89
1911	111,492	873,043,342	78.30
Total	1,009,804	4,846,043,040	47.98

It would seem, at first glance, that the average price per hectare decreased in certain years, for example in 1904, 1905, 1906 and in 1910. Yet, on comparing the five years' periods 1902-1906 and 1907-1911, we find the price of land has, on the contrary, very appreciably risen.

Years	Area of Land Sold.	Price of Land Sold	Average price per hectare	Percentage of the preceding five years
1902-1906	554,975 sq. km	1,925,210,958 lire	34.69 lire	
1907-1911	454,829 sq. km	2,920,837,082 "	64.24 "	185

We see that there has been a remarkable rise in the price of land, amounting in the second five years to 85 per cent. of that of the first five years.

If the average price of land {has fallen in certain years, it was an accident, due to new land, not cleared, and consequently uncultivated, at Mendoza, Salta, Chaco, Chubut, Pampa Centrale, etc., being placed on the market. And it is easy to understand that these lots were far inferior in value to those already cultivated, seeing that labour represents capital. This is the origin of that fall in prices which has its effect on the general figures of the statistical tables. This may be estimated by a glance at the following table, which gives the average prices of land per hectare, per province and per territory, in the last ten years :

Provinces and Territories	Area in hectares	Area of Land Sold from 1902 to 1911 (hectares)	Value of Land Sold 1902-1911 (francs)	Average price per hectare (francs)
Buenos Aires	30,512,100	1,188,688	1,757,308,879	147.82
Santa Fé	13,138,200	6,676,860	513,438,277	76.90
Córdoba	17,334,900	13,108,967	944,107,767	75.83
Entre Ríos	7,575,400	2,362,829	193,601,654	81.93
Corrientes	8,687,900	1,479,375	41,838,258	21.51
San Luis	7,521,900	4,820,004	116,814,588	24.23
Santiago del Estero . .	14,348,400	7,947,025	101,906,229	12.82
Tucumán	2,700,000	672,707	73,290,503	108.94
Mendoza	14,637,800	23,165,684	453,525,811	19.57
San Juan	9,809,600	696,749	24,179,787	34.70
Rioja	9,803,000	1,394,772	8,222,940	5.81
Catamarca	9,533,700	119,778	743,094	6.20
Salta	12,513,400	2,879,860	48,093,850	16.70
Jujuy	3,814,700	1,055,268	20,468,329	19.39
<i>Territorios :</i>				
Misiones	2,982,200	1,071,212	13,453,159	12.55
Formosa	10,725,800	712,172	8,158,348	11.60
Chaco	13,663,500	1,703,441	44,349,664	26.03
Pampa Centrale	14,590,700	7,554,839	277,911,806	36.92
Menquen	10,500,000	2,070,697	21,582,442	10.42
Río Negro	20,675,000	5,254,214	92,847,625	17.67
Chubut	24,203,900	1,177,408	10,804,323	9.26
Santa Cruz	28,275,000	2,514,237	27,300,887	10.85
Tierra del Fuego . . .	2,149,900	242,113	1,821,380	7.52
Los Andes	9,000,000	422,550	273,440	0.64
Total . . .	298,717,000	100,980,449	4,846,043,040	47.99

There is therefore a great variation in the price of land from a minimum of 0.64 frs. per hectare in the province of Los Andes to a maximum of 147.82 frs. in the province of Buenos-Ayres. In fact, there are, in modern Argentina, two principal opposing tendencies, counterbalancing each other, with regard to the value of lands as expressed in the statistics of sale, so that now one, now the other, tendency prevails in the balance of the economic forces in question.

The first arises from the offer of new land by the State, in proportion as railways are built, at extremely low prices and on very favourable conditions as compared with the prices and conditions for the former estates already cultivated.

The other, operating in a contrary sense, that is, the tendency to an appreciable rise in price of land sold in Argentina, arises from the subdivision of rural land. The general course of evolution of home colonisation in Argentina has been, in recent years, as follows: first, speculators supported by the large mortgage institutions founded for the purpose, above all in France, Belgium and England, buy immense tracts of land cheap, so as to realise a profit rapidly, cultivating them on the most extensive method and employing only the minimum of hands absolutely necessary to obtain a few large harvests from the fertile virgin soil. As a consequence, the yield of the soil is appreciably diminished after a few years, so that the large farmers and speculators can no longer obtain the desired profit. They then prefer to subdivide and sell their land to colonists who can, by their labour and with a less extensive system of cultivation, obtain an income sufficient for the existence of their family, and the extinction of the comparatively heavy mortgage debt, which, in consequence of this system of colonisation, burdens rural land in Argentina. Meanwhile, the large farmers and capitalists look for new virgin soil, the extensive cultivation of which again promises them large profits, in order to sell it again, as before, at the opportune moment, and so on. This explains the serious fluctuations in price from year to year and from province to province, as well as the paradox that in certain provinces it even happens that the total area sold (in a certain period) exceeds the total area of the province. For example, the area sold in the province of Mendoza (see the preceding table) in the period 1901-1911 was 231,657 sq. kms., whilst the area of the province of Mendoza is only 146,378 sq. kms.

This means that many farms were sold and resold several times in that period, and these interesting facts would be inexplicable without the commentary we have just given.

Further, we shall give figures directly proving the increasing subdivision of land in Argentina, as appears in the following table for the ten years 1902-1911, for the provinces of Buenos Ayres, Santa Fé, Cordoba, Mendoza and Pampa Centrale.

Provinces and Territories	Increase % of holdings of				Decrease % of Holdings of over 2,500 Hectares
	10-25 Hectares	26-100 Hectares	101-650 Hectares	651-2,500 Hectares	
<i>Provinces.</i>					
Buenos-Aires.	73	47	62	24	9
Santa-Fé	43	89	43	102	17
Cordoba	39	102	67	49	14
Mendoza	164	96	53	9	38
<i>Territory.</i>					
Pampa Centrale	—	2,550	593	476	57

Although incomplete, this table shows the degree in which large landed property has been subdivided. In Pampa Centrale, for example, the number of holdings of an area of over 2,500 hectares has decreased by 57 %, at the same time that the number of holdings of an area of between 101 and 650 hectares has increased in the enormous proportion of 2,550 %. Generally there has been a large increase in the price of landed property in Argentina, which means that the effect of subdivision and of more intensive cultivation on the average value of rural land have prevailed over those of new sales in provinces still closed to colonisation properly so called.

Another proof of this affirmation is found in the comparison between the value of the land in 1888 and to-day.

In 1888, the Executive Authority established the value of the *propriedad raíz* according to the prices realised in sales and the returns of the census of land holders. This value depends on the population of each province, the state of the roads, and the means of communication between the properties.

Thus the value of the *propriedad raíz* was estimated at 1,031,754,969 pesos, or 5,158,774,845 frs. In order to compare this with the present value of the *propriedad raíz*, M. E. Lahitte, General Manager of Rural Statistics and Economics, calculated the amount of all the land sold in 1911 on the basis of the average for 1907-1911, the figures for the two last years presenting too appreciable differences to provide a sufficient basis alone.

Provinces and Territories	1888		1907-1911		Per- centage on that of 1888	Area of the Provinces in hectares
	Value in frs. per hectare	Total value in frs.	Value in frs. per hectare	Total value in frs.		
Buenos Aires . .	96.75	2,952,045,675	223.50	6,819,454,350	231	30,512,100
Santa Fé . . .	24.70	324,513,540	108.50	1,425,494,700	339	13,138,200
Córdoba	20.95	363,166,155	91.00	1,577,475,900	334	17,334,900
Entre os Ríos .	64.50	488,613,300	113.25	857,914,050	76	7,575,400
Corrientes . . .	9.50	82,535,050	63.50	551,681,650	568	8,687,900
San Luis	7.05	53,029,395	54.75	411,824,025	677	7,521,900
Santiago del Est.	6.45	92,547,180	19.75	283,380,900	206	14,348,400
Tucumán	23.40	63,180,000	109.00	294,300,000	366	2,700,000
Mendoza	7.35	107,587,830	31.75	464,750,150	332	14,637,800
San Juan	7.15	70,138,640	43.25	424,265,200	505	9,809,600
Rioja	4.30	42,152,900	6.00	58,818,000	40	9,803,000
Catamarca . . .	5.75	54,818,775	11.50	109,637,550	100	9,533,700
Salta	4.55	56,935,970	20.80	260,278,720	357	12,513,400
Jujuy	5.50	21,091,350	18.00	69,024,600	227	3,814,700
<i>Territories :</i>						
Misiones	3.30	9,841,260	16.75	49,951,850	408	2,982,200
Formosa	3.25	34,858,850	17.00	182,338,600	423	10,725,800
Chaco	3.50	47,822,250	36.75	502,133,625	950	13,663,500
Pampa Centrale .	8.95	130,586,765	48.25	704,001,275	439	14,590,700
Menquen	3.25	34,125,000	11.75	123,375,000	262	10,500,000
Río Negro	3.25	67,193,750	24.25	501,368,750	646	20,675,000
Chubut	1.60	38,726,240	10.75	260,191,925	572	24,203,900
Santa Cruz . . .	0.80	22,620,000	18.00	508,950,000	2,150	28,275,000
Tierra del Fuego.	0.30	624,970	12.50	26,873,750	4,067	2,149,900
Los Andes . . .	—	—	0.55	5,850,000	—	9,000,000
Total	17.26	5,158,774,845	55.14	16,473,334,570	219	298,717,000

On reading the above table we see the very appreciable rise in price of land in the Republic, in the 23 years 1888-1911, to the degree that in the whole country, the price increased 219 % from 1888 to 1911.

There is, however, an apparent difference between the figures in this table and the average price per hectare shown in the other tables. This is explained, as we have shown by the cheap sale of an area of new land far superior to that of the land already cultivated, that is of land not only

better cultivated but reaching prices on the market higher in proportion to its productiveness and its vicinity to urban centres.

§ 2. Rural Mortgages.

The sales of land having increased in number and in amount, as we saw in the preceeding paragraph, there has been a parallel advance in rural mortgages, in consequence of the economic evolution traced above in outline. In fact in the years preceding 1911, with the increasing price of land, the amount of mortgages generally also rose. We find the same phenomenon in 1911, although the proportion of mortgages to the value of land is a little lower than in the previous year.:

Years	Amount of Land Sold in frs.	Amount of Rural Mortgages in frs.	Percentage of Mortgages to the Value of Land
1902-1906	1,959,861,317	730,877,884	37.29
1907	390,141,347	280,071,761	74.09
1908	474,747,097	300,899,196	63.59
1909	581,923,980	348,515,939	59.89
1910	600,976,316	481,259,706	80.07
1911	873,043,342	618,502,350	70.83
1907-1911	4,846,043,039	2,759,126,836	56.93

69.31

Yet if we compare, the percentage for the two five years' periods 1902-1906 and 1907-1911, we see that it is 37.29 for the first period and 69.31 for the second, which shows an increase of about 86 % in the mortgages.

An examination of the ten years' period 1902-1911 shows that the amount of hectares sold was 100,980,449 and that of the hectares mortgaged 66,522,805, which shows that the land mortgaged was 65.87 % of that sold. With regard to the amount of the mortgages (2,759,126,836 frs.) we see that it is 56.93 % of the value of the land, which is, as we have seen, 4,846,043,039 frs.

In 1911 the mortgage registers showed the total amount of 4,759 registrations, and it is interesting to know that 60 %, that is to say 2,808 mortgages burdened holdings of from 1 to 300 hectares. There is besides

a small increase on the percentage for 1910 and a decrease on that of 1909 according to the following table :

Years	Mortgages on Holdings of over 300 hectares	Mortgages on Holdings of from 1 to 300 hectares	Total Mortgages	Proportion of Mortgages on Holdings of from 1 to 300 hectares to the total Amount %
1909	2,350	1,397	3,747	62
1910	3,609	2,492	6,101	59
1911	2,808	1,848	1,848	60

This does not indicate that the mortgage burdens on small holdings are heavier than on large. In any case, the mortgages on small holdings are only insignificant in comparison with those on large holdings.

In fact, the amount of rural mortgages in 1911, distributed in four classes, was as follows :

	Amount of Mortgages (in frs.)	Number	Total Amount (frs.)	Average Amount (frs.)
From 2,200 to 22,000		2,060	20,038,502	9,727
" 22,022 „ 110,000		1,750	97,567,347	55,752
" 110,002 „ 440,000		725	167,346,434	230,822
above 440,000		224	236,087,887	1,053,962
Total		4,759	521,040,170	109,485

The two foregoing tables show that mortgage credit in Argentina, while affecting equally small, large and medium landed property, now above all encourages large purchases and speculation, as we have explained in the first paragraph of this article. The large amounts of capital invested show likewise that there is in Argentina a large demand for mortgage loans.

However, it would be interesting to know the amount of the mortgage debt in each province or territory, the term of the obligations, etc., with the object of understanding the rôle played by rural mortgage credit in the development of the national production, or, in other words, its rôle in the economy and finances of the Argentine Republic. Unhappily, for the moment there are not the necessary data for the study, for we have no information on the cancellations of mortgages, etc. In connection with this, M. Lahitte mentions in his last report a very curious example, which we reproduce below :

"Supposing that the mortgage debt dating from before the last three years' period be cancelled and that of the three last years 1909-1911

stand, we have an amount of 1,449,800,000 frs., representing a little more than 9 % of the value of the land as previously calculated.

Making the same calculation for the grain region farms (Buenos-Ayres, Santa Fé, Cordoba and Entre Rios) we have :

Area of the four provinces	Hectares	66,560,600
„ Mortgaged (16 %)	„	11,084,896
Value of Land	Francs	10,780,309,999
„ „ Mortgages (9 ½ %)	„	1,040,066,610

These figures are only based on conjecture ; we cannot therefore arrive at accurate results from them. However, they let it be seen that the mortgages constituted annually, in spite of their enormous amount are not an extraordinary burden, even if the present debt amounts to the double of that thus calculated."

Let us therefore wait for the more precise data on mortgage debt in the Argentine Republic, which, as appears from M. Lahitte's report, will be soon published.

Let us conclude by again considering the rural loans made by the " National Mortgage Bank."

The rôle played by this Bank is the same as that of most of the large foreign land credit institutions, for it gives a decided preference to large operations for amounts exceeding 110,000 frs. For example, in the last five years 1907-1911 it granted rural loans for an amount of 279,801,346 frs., representing nearly 14 % of the total mortgages registered in the whole Republic during that period.

This amount advanced by the Bank is distributed in rural loans as follows :

from	2,200 to 22,000 frs.	3.6 %
„	22,022 to 110,000 „	25.1 %
„	110,002 to 440,000 „	58.2 %
over	440,000 „	13.1 %

CREDIT

EGYPT.

RECENT NEWS.

The Five Feddans Law. — The scientific and economic press of Egypt are still keenly discussing this important law which will give the Egyptian fellah the advantages of the *homestead* institution⁽¹⁾. While acknowledging the great advantages of this law the various writers are eager to propose amendments and additions.

Thus, the French Chamber of Commerce at Alexandria, which, it is understood, does not represent the farmers' but rather the capitalists' interests, points out that the new law in wishing to prevent the small landowner from delivering himself bound hand and foot into the power of inexorable money lenders, and to put a limit to usury, the ruin of the farmers, is making use of a two edged weapon : by eliminating the only security the borrower can offer to the lender, it perhaps strikes a blow at usury, but certainly it damages the necessitous fellah who is, suddenly, deprived of the credit he requires.

In spite of the crises in recent years, there are now in Egypt 1,243,157 landowners who only possess five feddans each. Even if it be too much to say that all of them will henceforth be deprived of the credit they require, it is still probable that a large number will be. More than any one else, the Egyptian farmer requires credit. In contrast to what occurs in other countries, the Egyptian peasant, who devotes the greater part of his energies to the cultivation of cotton, has to buy nearly everything he requires in the way of food and clothes, and even sometimes his livestock, seed and implements of labour. While waiting the moment when he will receive the reward of his labour he must have recourse to credit.

It is now evident that, deprived of the power of mortgaging, the peasant loses the possibility of availing himself of the credit institutions, and will fall, in all probability, into the hands of usurers who will impose very burdensome conditions upon him.

(1) See *Bulletin of Economic and Social Intelligence*, September, 1912, p. 157.

This criticism on the new law appears at a first glance to be justified. It is not to be doubted that if the Egyptian Government undertakes so gigantic a task as the protection of the fellah, it will not limit itself to merely decreeing that his property is undistrainable. It is evidently resolved to continue the course it has begun and to obtain for the peasants by means of State institutions, agricultural *comices* and above all co-operative societies, the credit it is depriving him of in another direction. As to the danger of usury, it might be answered that a credit, not usurious but ending in the *dispossession* of the debtor, is more dangerous than usurious credit, when the debtor's property is protected by law against any attack on the part of the creditor.

It has also been said that it has not been proved that small property in Egypt is in danger, as is supposed, that it is decreasing and that it is in urgent need of help. According to these critics, statistics even clearly prove that small holdings show a constant tendency to multiply. There are now, as has been seen, in Egypt, 1,243,157 landowners not possessing more than five feddans, while in 1905 there were only a million.

Henry Bergasse shows in his interesting article published in the "Bulletin," that, according to the official figures, the total area of the small native farms has very considerably increased. It increased recently in twelve years (1898 to 1910) from 1,046,492 to 1,362,924 feddans, that is, by 316,432 feddans, or 25 %. The area cultivated by national and foreign landowners increased in the same period from 5,022,259 to 5,463,789 or by 441,530 feddans; which means that three quarters of the new holdings are small native farms. The middle sized farm, on the other hand, which will not benefit by the protection of the new law has not had the good fortune to attract the attention of the legislators, although it shows, in contrast to the small farm a constantly increasing tendency to diminish:

Official statistics give the following figures:

Average Native Farms (5 to 50 feddans).

	1898	1910	Decrease
5 to 10 feddans	562,080	524,612	— 37,468
10 to 20 ,,	553,509	497,508	— 56,003
20 to 30 ,,	301,135	266,476	— 34,659
30 to 40 ,,	338,695	309,384	— 29,311
	<u>1,755,419</u>	<u>1,597,978</u>	<u>—157,441</u>

Finally, as regards large native landed property, it has also decreased. It is true that the area of the large holdings increased from 1898 to 1910 by 288,830 feddans, but more than 164,000 feddans of this represents an increase of land held by Europeans.

It is therefore, evident that of the three classes that of the small farmer has the greatest vitality and resists best against foreign penetration, which, besides, has also been proved by the official census of 1910 of the land possessed by foreigners in Egypt.

According to these statistics, the total foreign holdings covered an area of 717,466 feddans.

Large holdings	675,917 feddans
Medium holdings	37,625
Small holdings	3,924
	<hr/>
	717,466 feddans

From this it is seen that the soil of Egypt is passing more and more into the hands of Europeans. This applies almost exclusively to large and medium sized holdings, while the small holdings have been kept by the natives. The small foreign holdings have hardly increased by more than 1,200 feddans in area in the course of the period under consideration.

It seems at a first glance that medium and large landed property have much more need of legislative assistance, but when it is considered that it is just the small farmers who are almost entirely Egyptian, it is easy to understand that the law should begin its work of reform with that very numerous class, which, besides, as was very often seen, was generally taken advantage of and too often again could not even be sure of profiting by the fruits of its long and painful labour or whether they would not only serve to enrich the money lenders. It is evidently very desirable that in time some of these measures of protection, as that of declaring the house and draught animals undistrainable, should be extended to medium sized holdings. But it must not be forgotten that Egypt is *par excellence* a country of small farming, a large kitchen garden, where the *raison d'être* of small holdings is far more justifiable than that of medium and above all of large landed property, and that, in consequence, it deserves ampler protection. The new Egyptian rural legislation is full of interest, because it is evidently only the beginning of a systematic agricultural policy, intended to fill the economic abyss still separating the Egyptian peasant from the urban population of the country.

(Summarised from *Le Moniteur des Intérêts matériels* and the *Bulletin* (Alexandria) of September 7th. and 21st., 1912).

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

CANADA.

CURRENT QUESTIONS.

The New Canadian Grain Act.

§ 1. *Introduction.*

The Canada Grain Act which became law on the 10th day of April, 1912, is a consolidation of the inspection and Sales Act and the Manitoba Grain Act, with important amendments and additions. The object of the Act is to perfect the system of government supervision and control of the grain trade and to do away with difficulties and grievances which had arisen under the former law.

The substance of the Act is based largely on investigations which began in the year 1906. In that year a federal commission was appointed to look into all matters connected with the grain trade of Canada. After a thorough investigation of conditions the commission reported in October, 1907. They reported that the grade system was the most suitable for Canada and that it was to be preferred to the sample market. They were in favour of better supervision of elevators but against government ownership.

In 1908 a conference was held before the Right Hon. Sir Richard Cartwright, then Minister of Trade and Commerce. The grain growers' and farmers' associations of the West, the carrying interests, the bankers, the grain and produce exchanges and the owners of private and corporate elevators were all represented at this Conference. The result was a volume of 160 pages of evidence and argument upon which the then existing grain laws were remodelled and strengthened. The present Act was introduced into the House of Commons of December 6th., 1911, received its third reading on March 11th., 1912, and became law by proclamation in the "Canada Gazette" on April 10th., 1912.

Canada possesses what is probably a more complex system for the inspection, grading and sale of grain than any other country. This is made necessary by the distances on land and water over which the grain must be transported within the country, and by the system of carrying the grain in bulk.

It is the object of the grain law, in the first place, to give to the farmer as many facilities as possible for the easy sale of his grain, and all possible security which shall ensure to him the whole price of the sale he has made. The farmer in the far west, for instance, can dispose of his grain in many ways. He can sell it to anybody without restriction. He can have his own car, in turn, at a siding or loading platform at his own station. He can then sell his car of grain to a track buyer who is hedged around with legal provisions to the end that he cannot defraud the seller of the price he has agreed to pay, or he may consign his car to any elevator or consignee he wishes and the law protects him as to the grade on which he shall be paid. He may sell his grain direct to one of the numerous country elevators, and if he and the elevator man cannot agree on the grade and price, the grain, its identity preserved by means of sample, is inspected in Winnipeg, and the elevator man must pay according to the decision of the inspector. Or if he does not wish to sell his grain at once, he may store it at the flat warehouse, or, under certain conditions, at the elevator and wait for a better market.

By the grading system in use in Canada the law establishes certain standards in accordance with which the grain is bought and sold from the time it leaves the farmers' waggon until it reaches its destination. The idea is to preserve, not the identity of the grain, but the identity of the grade from the starting point to the finish. It is possible, however, under the Act for a man to preserve the identity of his grain from its starting point until it gets to Europe if he wishes to do so.

All grain coming from the West is inspected at Winnipeg by government inspectors and its grades fixed. After this sampling and grading it is sent on to the terminal elevators at Port Arthur and Fort William. There, it is unloaded from the car to the elevator, weighed and placed into its proper bins under the supervision of government officials. The government official also supervises the shipment of the grain out of the elevator and inspects it as it passes on its way to the car or lake vessel, to see that the grade of grain which has entered at one side of the elevator comes out at the shipping side, and that there is no deterioration. If the grain is for Europe it is under supervision until it reaches the Atlantic seaboard.

The problem of transportation of grain from Western Canada has hitherto been one of the main troubles in connection with the trade. The production is greater than the capacity for transport. Hitherto the Ca-

nadian Pacific Railway has practically been the only avenue of exit to the east, but the completion in the near future, of the Grand Trunk Pacific and Canadian Northern lines will greatly increase the grain carrying facilities of the country. In the section of the Act concerning the application for and distribution of cars, every precaution has been taken to insure the farmer against unfair discrimination on the part of the railways. Everything must be done to make the best use of present facilities.

Perhaps the most important innovation in the Act is the section which gives the government the power to construct or acquire terminal elevators. The government ownership of terminal elevators has long been demanded by the farmers of Western Canada who contend that under the control of private interests these elevators have been run to their detriment. The operation of government elevators is to be in the hands of the Board of Grain Commissioners. Indeed a statement issued on July 6th. by the newly appointed Board shows that government owned elevators will soon be a reality in Canada. According to their statement the Board has arrangements well under way for building a government owned and operated elevator of three and a quarter million bushels capacity equipped with every facility for handling grain.

§ 2. *The Board of Grain Commissioners.*

The Act provides for the appointment of a Board of Grain Commissioners who are charged with the management and control of the Grain Trade of Canada. The Board consists of three commissioners appointed by the Governor in Council, and their jurisdiction extends over the whole of Canada. They are to supervise the inspection, weighing, storage and transportation of grain, the licensing and bonding of all elevators, grain commission merchants and grain track buyers. They may make rules and regulations respecting all these matters subject to the approval of the Governor in Council. The members of the Board are to reside at Fort William or at Port Arthur.

Within thirty days after the close of each calendar year the Board must make to the Minister of Trade and Commerce a report respecting:

(a) all such matters as appear to the Board to be of public interest in connection with the inspection, weighing, storage and transportation of grain; and

(b) such matters as the Minister may direct.

Section 13 of the Act empowers the government to construct, acquire, lease or expropriate any terminal elevator upon Parliament voting the money for that purpose. The Board is charged with the operation and management of the elevators the government may so acquire.

§ 3. *Inspection of Grain.*

We now proceed to describe the system of inspection which is laid down by the Act, indicating the divisions into which Canada is divided for this purpose, the officers and administrative bodies who carry out the system, the methods of inspection adopted, etc.

(a) *Inspection Divisions.*

Under the Act, as hitherto, Canada is divided into two inspection divisions.

The *Eastern Division* consists of : (a) that portion of Ontario lying east of the city of Port Arthur; (b) the provinces of Quebec, New Brunswick, Nova Scotia and Prince Edward Island.

The *Western Division* includes : (a) the provinces of Manitoba, Saskatchewan, Alberta and British Columbia; (b) the Northwest Territories; (c) that portion of the province of Ontario lying west of and including the city of Port Arthur.

The Board with the approval of the Governor in Council may change the boundaries of these divisions.

(b) *The Inspectors and their Duties.*

A chief inspector is appointed for each division, having under the Board, the supervision and control of the inspectors and deputy inspectors.

The chief inspector, inspectors and deputy inspectors are appointed only from persons who have obtained certificates from the Board of Grain Examiners for the division. These examiners are appointed by the Board of Grain Commissioners to examine the ability and fitness of applicants for positions as inspectors.

It is the duty of the chief inspectors and the inspectors to select samples of the different grades of grain not later than the first day of October each year. These standard samples are made in accordance with the descriptions of the different grades given in the Act. Any inspector is obliged to furnish on request, samples of grades of grain accompanied with a specific statement that they are official standards.

According to section 47, " if a considerable portion of the crop of wheat or any other grain for any one year in any division has any marked characteristics which exclude it, to the prejudice of the producer, from the grade to which it otherwise belongs, special grades may be established therefor

in the manner hereinafter provided, and shall be called and known as commercial grades."

In order to carry out the provision of this section the Board may appoint for any division or district a grain standards board to establish the commercial grades and choose samples of them. They are to select only those standards made necessary by the circumstances. In the inspection of grain excluded from its grade for the reasons mentioned in section 47 the inspectors are governed by the samples selected by the grain standards board.

Article 27 reads as follows: "It shall be the duty of an inspecting officer to inspect grain when called upon to do so by the owner or possessor thereof or his authorized agent, and without unreasonable delay to issue his certificate of such inspection, specifying the grade of such grain; but before undertaking an inspection or issuing a certificate, an inspecting officer shall require the production of satisfactory evidence of ownership or possession or authorized agency."

Every inspector must keep a book in which he enters an account of all grain inspected, and he may be required by the Board to make reports of his official acts either to the Board itself or to any board of trade or chamber of commerce.

(c) *Grain Survey Boards.*

The Board is empowered by the Act to appoint grain survey boards. The appointment of a grain survey board for any *eastern division or district* is made on the recommendation of the boards of trade of Toronto and Montreal respectively. In the *Western Division* the grain survey board consists of twelve persons, six nominated by the Winnipeg board of trade and two each by the Ministers of Agriculture of Manitoba and Alberta and two by the Commissioner of Agriculture for Saskatchewan.

An additional survey board is to be appointed for the district of Calgary in the Western Division, consisting of six persons nominated by the Calgary Board of Trade and one each by the provinces of Saskatchewan and Alberta.

The duties of the grain survey board are those of an appeal court. Any owner or possessor of grain not satisfied with the inspecting officer's grading may appeal directly to the survey board. He may also appeal to the chief inspector of the division whose decision shall be final unless an appeal to the survey board is made therefrom within twenty-four hours after notice of it is received. In all cases the decision of the survey board is final.

The Board may make by-laws for the carrying out of the business of any survey board.

(d) *Methods of Inspection.*

The Act gives in detail the method of inspection to be followed in the two divisions.

In the *Eastern Division* all grain shipped from any elevator must be shipped out as graded into such elevator by the inspecting officers. If it is believed that any such grain has deteriorated or gone out of condition it may be reinspected. Under no circumstances can deteriorated grain be mixed or regraded. When different grades are loaded together in the same compartment of any vessel at a point within the division a certificate shall be issued showing the quantities of each grade entering into the mixed cargo. All grain inspected east of Port Arthur must be accompanied by duplicate inspection certificates to its destination in Canada. Re-inspection is permitted only when there is reason to believe that the grain has gone out of condition, and no re-inspection is allowed unless the identity of the grain has been preserved.

The method of inspection in the *Western Division* is given in Section 91 which reads as follows :

"All grain produced in the provinces of Manitoba, Saskatchewan and Alberta and in the Northwest Territories, passing through the Winnipeg district shall be inspected at Winnipeg or a point within the district ; and on all such grain so inspected, the inspection shall be final.

"Grain which is shipped from points west of Winnipeg to Winnipeg for orders, as provided in section 208 of this Act, and which goes forward without delivery in Winnipeg, shall be inspected at Winnipeg and the certificate of inspection shall be issued at the end of the period of detention. Provided, however, that on the written order of the agent of the shipper a car of grain held at Winnipeg shall be inspected on its arrival and the certificate of inspection issued.

"In the case of grain which is being shipped east from any public elevator in the division, the sample for inspection shall not be drawn from any car until the car has been billed for shipment by the railway company.

"When, owing to extreme pressure of business, the railway company, or other transportation company, find that cars containing grain are being unduly delayed for inspection purposes in Winnipeg, then the company, upon notification to, and with the consent of, the chief inspector, or in his absence, the inspector, may remove a special number of cars to Fort William without inspection at Winnipeg.

"Any grain inspected at Winnipeg or other Western point may be re-inspected at Fort William or other terminal elevators in the division without additional charge ; but any grain not inspected west of Fort William shall be inspected at that point, and a certificate shall be issued on payment of the usual fee.

"If any car on its arrival at a terminal elevator is found by the inspector to be plugged or wrongfully loaded, the grain in such car shall be re-inspected, and if the first inspection is altered the original certificate shall be recalled and a new one shall be issued in accordance with the re-inspection and shall be final.

"Railway companies and other transportation companies shall notify the inspection department of the arrival of cars of grain at points where inspection is authorized and of the position of such cars in the railway yard, and such cars shall not go forward until inspected."

(e) Storing, Cleaning and Binning in the Western Division.

Grain of one grade must not be stored with that of another grade. It must be stored under the supervision of an inspecting officer who has full control of all grain in terminal elevators. The inspector must keep records of all grain received into store in any terminal elevator. Grain may not even be transferred from one bin to another in any terminal elevator without the supervision of the inspecting officer.

It is not permissible to bin grain specially for any person in a terminal elevator unless it is out of condition on its arrival.

The inspector may order any grain to be cleaned and the cleaning must be done under his supervision.

Every terminal elevator must provide facilities which permit the inspecting officer to secure proper samples of the grain being shipped from such elevator. Whenever the grain shipped from any elevator is being reduced in quality, it is not to be allowed to pass inspection except as a lower grade.

The certificates of inspection given by inspecting officers are in all cases to accompany the grain to its destination and no certificate will be issued east of the Western Division for western grain.

(f) Weighmasters.

A chief weighmaster may be appointed in and for each division and weighmasters and assistants for each place where inspection of grain is carried on or where any public eastern or terminal elevator is situated.

"The weighmasters and assistants in each division shall, under the direction of the chief weighmaster, supervise and have exclusive control of the weighing of grain inspected subject to inspection or otherwise, or received into or shipped out from any public eastern or terminal elevator."

Every weighmaster must on demand give to any person for whom he has done weighing a certificate. He must also keep a record of all weighing done.

§ 4. *Grades.*

The Act gives in detail description of all the different grades of wheat, corn, oats, rye, barley, peas, buckwheat and flax seed. On account of the importance of Canada's trade in wheat we give the descriptions of the grades of that cereal:

(a) *Grades applying to the Dominion generally.*

Spring Wheat. — No. 1 spring wheat shall be sound and clean, weighing not less than 60 pounds to the bushel.

No. 2 spring wheat shall be sound and reasonably clean, weighing not less than 58 pounds to the bushel.

No. 3 spring wheat shall comprise all sound wheat not good enough to be graded as No. 2, weighing not less than 56 pounds to the bushel.

Rejected spring wheat shall comprise all spring wheat fit for warehousing, but too low in weight or otherwise unfit to be graded as No. 3.

Goose Wheat. — No. 1 goose wheat shall be plump and clean, weighing not less than 61 pounds to the bushel.

No. 2 goose wheat shall be plump and reasonably clean, weighing not less than 59 pounds to the bushel.

No. 3 goose wheat shall comprise such as is not good enough to be graded as No. 2, reasonably clean and weighing not less than 55 pounds to the bushel.

Winter Wheat. — Extra white winter wheat shall be pure white winter wheat sound, plump and clean, weighing not less than 62 pounds to the bushel.

No. 1 white winter wheat shall be pure white winter wheat, sound, plump and clean, weighing not less than 60 pounds to the bushel.

No. 2 white winter wheat shall be white winter wheat, sound and reasonably clean, weighing not less than 58 pounds to the bushel.

No. 1 red winter wheat shall be pure red winter wheat, sound, plump and clean weighing not less than 62 pounds to the bushel.

No. 2 red winter wheat shall be red winter wheat, sound and reasonably clean, weighing not less than 60 pounds to the bushel.

No. 1 mixed winter wheat shall be white and red winter wheat mixed, sound, plump and clean, weighing not less than 61 pounds to the bushel.

No. 2 mixed winter wheat shall be white and red winter wheat mixed, sound, plump and clean, weighing not less than 59 pounds to the bushel.

No. 3 winter wheat shall include winter wheat not clean and plump enough to be graded No. 2, weighing not less than 57 pounds to the bushel.

(b) *Grades applying only to the Western Inspection Division.*

Spring Wheat. — No. 1 Manitoba hard wheat shall be sound and well cleaned, weighing not less than 60 pounds to the bushel, and shall be composed of at least seventy-five per cent of hard red Fife wheat.

No. 1 hard white Fife wheat shall be sound and well cleaned, weighing not less than 60 pounds to the bushel, and shall be composed of not less than sixty per cent of hard white Fife wheat, and shall not contain more than twenty-five per cent. of soft wheat.

No. 1 Manitoba northern wheat shall be sound and well cleaned, weighing not less than 60 pounds to the bushel, and shall be composed of at least 60 per cent. of hard red Fife wheat.

No. 2 Manitoba northern wheat shall be sound and reasonably clean, of good milling qualities and fit for warehousing, weighing not less than 58 pounds to the bushel, and shall be composed of at least forty-five per cent. of hard red Fife wheat.

Any wheat not good enough to be graded as No. 2 Manitoba northern shall be graded No. 3 Manitoba northern in the discretion of the inspector.

No. 1 wheat rejected for smut and scoured shall be graded as scoured of the grade to which it belongs.

No. 2 wheat rejected for smut and scoured shall be graded as scoured of the grade to which it belongs.

No. 3 wheat and lower grades rejected for smut and scoured shall be graded as scoured of the grade to which it belongs : Provided that wheat which is inspected No. 3 northern scoured or lower, may be graded in such regular grade, not higher than No. 3 as the inspector determines.

No. 1 wheat inspected as " No grade " for moisture and dried shall be graded as dried of the grade to which it belongs.

No. 2 wheat inspected as " No grade " for moisture and dried shall be graded as dried to the grade to which it belongs : Provided that, on the written order of the owner, any No. 1 dried or No. 2 dried wheat may be graded as No. 3 northern.

No. 3 wheat and lower grades inspected as " No grade " for moisture and dried shall be graded as dried of the grade to which it belongs. Provided that wheat which is inspected No. 3 northern dried, or lower, may be graded in such regular grade, not higher than No. 3 northern, as the inspector determines.

Winter Wheat. — No. 1 Alberta red winter wheat shall be hard pure red winter wheat, sound and clean, weighing not less than 62 pounds to the bushel.

No. 2 Alberta red winter wheat shall be hard red winter wheat, sound and clean, weighing not less than 60 pounds to the bushel.

No. 3 Alberta red winter wheat shall include hard red winter wheat not clean enough or sound enough to be graded No. 2, weighing not less than 57 pounds to the bushel.

No. 1 Alberta white winter wheat shall be pure white winter wheat, sound and clean, weighing not less than 60 pounds to the bushel.

No. 2 Alberta white winter wheat shall be white winter wheat, sound and clean, weighing not less than 58 pounds to the bushel.

No. 3 Alberta white winter wheat shall include white winter wheat not clean enough nor sound enough to be graded as No. 2, weighing not less than 56 pounds to the bushel.

No. 1 Alberta mixed winter wheat shall be red and white winter wheat mixed, sound, plump and clean, weighing not less than 61 pounds to the bushel, and containing not less than 50 per cent. red winter wheat.

No. 2 Alberta mixed wheat shall be red and white winter wheat mixed, sound, plump, clean, weighing not less than 59 pounds to the bushel.

§ 5. *Elevators.*

The Act contains many important provisions relating to the working of elevators.

(a) Terminal Public and Hospital Elevators.

The proprietor, lessee or manager of any terminal elevator, must before beginning business obtain a license from the Board. On complaint by any person against such an elevator the Board is to investigate, and may recommend to the Governor in Council the revocation of the license.

Every terminal elevator must receive for storage any grain offered in suitable condition by any person unless there is not room left to store it properly. All grain received must be inspected by an authorized inspector. The warehouseman of every terminal elevator must clean all grain on which the inspector has set dockage for cleaning and he must insure all grain stored in his elevator against fire.

In no case, whether in a terminal or public elevator shall grain of different grades be mixed together while in store.

On surrender of the original shipping receipt or bill of lading or both the warehouseman of any terminal elevator must issue to the person entitled to receive it a warehouse storage receipt for each individual car load lot or parcel of grain. These warehouse receipts must be consecutively numbered. They shall state

(a) for grain received from railway cars, the number of each car and the quantity therein contained.

(b) for grain from barges or other vessels, the name of each craft; and
(c) for grain received from teams or by other means the manner of its receipt.

Upon the delivery of the grain from store in the terminal elevator the receipt shall be cancelled. When the delivery is partial, a new receipt is issued. The warehouseman must deliver any grain stored in his elevator in the order demanded and with due diligence. If he makes default in delivery he is liable for damages to the holder of the warehouse receipt.

Reports must be furnished to the Board by the owner, lessee, manager, officer or employee of every terminal elevator:

(a) in the case of a terminal elevator in the *Western Inspection Division*, as to the condition and management of so much of the business of such owner, lessee, manager, officer, or employee as relates to such elevator; or

(b) in the case of a public elevator in the *Eastern Inspection Division*, as to the amount, condition and management of business done in western grain by the elevator.

The warehouseman of every terminal elevator must also give to the Board a weekly statement of the quantity of each kind and grade in store in his elevator and the total amount of fire insurance thereon.

By section 138 the warehouseman is prohibited from making any discrimination as to rates under any circumstances.

The Act permits the maintenance of hospital elevators having special machinery for the treatment of unsound grain which has deteriorated or gone out of condition. As in the case of other elevators a license must be taken out and a bond furnished.

When grain in a terminal elevator in the *Western Division* becomes out of condition the inspector must be notified. He may order that the grain be re-elevated to bring it back to condition or prevent further deterioration. If the re-elevation is unsuccessful notice of the facts must be immediately given to the Board and to the owner of the grain if his address is known. In the case of western grain in an eastern elevator the notice is to be given to the shipper of the grain and to the party to be advised and to any other interested party indicated upon the bill of lading or railway shipping receipt. In both cases the notice shall be given by registered letter and a telegram of advice shall also be sent. Public notice must also be given by advertisement and by posting up notices at certain places.

Deteriorated grain must be delivered to the party entitled thereto on surrender of his receipts and payment of charges.

If the grain is not removed within one month after the notice given by the warehouseman it may be sold at the expense and for the account of the owner. Public notice of the intended sale must be given.

The inspector may, at the expense and risk of the owner, order the transfer of deteriorated grain to a hospital elevator.

All parts of the terminal elevators must be open to inspection by any authorized inspector of grain who shall be at full liberty to examine grain during ordinary business hours.

(b) *Country Elevators.*

Country elevators include all elevators, warehouses and flat warehouses which receive grain for storage before it has been inspected under the Act, and which are situated on a railway. The owner or lessee of every country elevator must receive a license from the Board and give security. A copy of the rules and regulations made by the Board and of the provisions of law as to the classification of grades must be posted up in a conspicuous place in each country elevator.

The warehouseman of every country elevator must receive grain without discrimination as to persons; he must insure the grain against fire, keep proper books, and issue either a cash purchase receipt, a warehouse storage receipt, or a storage receipt for specially binned grain for every individual lot or parcel of grain delivered to him.

If his elevator is equipped with cleaners he must, if requested, clean the grain before it is weighed. Persons interested in the weighing of the grain are to be allowed free access to the scales while the weighing is being done.

On the surrender of the warehouse receipt for shipment the elevator man must deliver the grain into cars as soon as they are furnished by the railway company. He must call on the company for cars to be supplied in the order of the dates upon which the receipts have been surrendered. The grain must be shipped within twenty-four hours after the cars have been furnished.

If the owner wishes to have the grain forwarded to a terminal elevator, on the return of the storage receipts the person receiving the grain shall deliver to the owner a certificate in evidence of his right to the shipment or delivery. This certificate must be returned in exchange for the railway shipping receipt and certificates of weight and grade.

The owner of the grain stored or binned may himself order cars to the elevator. If the grain is not loaded within twenty-four hours of the arrival of the cars, the warehouseman is liable to damages.

On giving forty-eight hours' notice to the owner or his agent the warehouseman of a country elevator may forward any grain stored in his elevator to any terminal elevator in the Western Inspection Division, and he remains liable for the delivery of the grain to its owner at the terminal elevator.

When the owner wishes to preserve the identity of his grain, the operator of the elevator is to store it in special bins. Samples of the grain must be preserved until the grain has been shipped and inspected. In case, after the shipment has been inspected the owner thinks that the identity of the grain has not been preserved the sample shall be forwarded to the chief inspector to be compared with the shipment. In this case the decision of the chief inspector is final. If any specially binned grain in an elevator becomes out of condition notice must be given to the person from whom it was received if his address is known. A copy of the notice must be posted up in the elevator. On return of the receipts the grain must be delivered. If it is not removed by the owner within ten days of the giving of the notice, it may be sold by the warehouseman by public auction after advertisement.

The warehouseman is bound to exercise proper care of all grain in his charge and he is liable for the consequences of his neglect.

When there is a disagreement between the owner of grain and the warehouseman or purchaser as to the grades of the grain or as to the quantity which should be deducted for dirt or otherwise, samples may be sent to the chief inspector who will decide and his judgment shall be final.

When a complaint is made in writing, under oath, to the Board that the operator of any country elevator does not give fair weights or grades or fails in any manner to operate the elevator fairly, the Board will have full authority to examine all books and records kept by the operator and to hold an investigation. If the Board find the charge true, it shall order the owner of the elevator to make redress to the person injured, and to dismiss the operator. If the owner fails to obey the Board his license will be cancelled.

Any person operating a country elevator may be called upon by the Board to furnish a monthly statement of his business. The statement must be accompanied by a declaration verifying its correctness. Any person refusing to furnish a statement when required shall be liable to forfeiture of his license.

The Board has power to inspect any country elevator, its business, and the mode of conducting it.

When the Board gives any person a license to erect a flat warehouse the railway company must give a location with a siding on its premises in some place of convenient access approved of by the Board. Such a warehouse must contain not less than three bins of one thousand bushels capacity each. The owner of the warehouse must allot bins, when available to farmers in order of their applications. Cars must be ordered without delay. The shipper is allowed six clear days exclusive of Sundays for filling the bin and loading the car, provided that the time for loading the car does not exceed 24 hours. If the grain is not loaded within the time limit

the warehouseman may either forward it to a terminal elevator or sell it on the owner's account. No owner or operator of a flat warehouse is allowed to store in or ship through his warehouse grain purchased by or for himself.

§ 6. *The Shipping of Grain.*

We now turn to the provisions of the Act which relate to the transport of grain.

(a) *Loading Platforms.*

On an application from ten farmers living within twenty miles of the nearest shipping point the Board may order the railway company to erect a loading platform. Each loading platform must be within the limit of the station yard, or upon a siding where there is no station, and it must be not more than 100 feet long or 24 feet wide. Any person is entitled to use the platform free of charge for the shipment of grain.

The railway company must on application furnish cars to be loaded at the loading platforms. The company must also furnish cars where there is no platform, at a convenient place on a siding, for the purpose of being loaded direct from vehicles.

(b) *Cars and Car Order Book.*

"At each station where there is a railway agent, and where grain is shipped under such agent, an order book for cars shall be kept for each shipping point under such agent open to the public, in which applicants for cars shall make order." Any application may order cars according to his requirements, and in case he desires a car of special size it is mentioned in the order book. Each car order is consecutively numbered in the order book, and the cars are awarded to applicants according to the order of their applications, without discrimination of any kind. As soon as an applicant is informed that he has been allotted a car, he must at once disclose his intention and ability to load the car within the next 24 hours. If he is unable to do so his order is cancelled. The agent must post up daily in a conspicuous place a notice giving the date of application and name of each applicant to whom he has on that day awarded cars. A car is not considered to be furnished until it is placed for loading as directed in the application in the car order book.

Sections 206 and 207 give the Board wide powers concerning the distribution of cars. "The Board may, in its discretion, during a car shortage direct the railways to make an equitable distribution of empty grain cars to all stations or sidings in proportion to the amount of grain available for shipment from such stations or sidings.

"The Board may, in its discretion, order cars to be supplied contrary to the provisions of this Part,—

(a) to elevators that are in danger of collapse;

(b) to places where grain is damp and thereby liable to become damaged.

(c) for the purpose of distributing seed grain to any point in the Western Division.

(d) in cases where the operator of any country elevator reports in writing under oath that some portion of the grain in such elevator is heated, and that in order to preserve such grain it is necessary to ship such heated grain to the terminal elevator for treatment: provided however, that no relief shall be granted in such last mentioned cases as long as the warehouseman has sufficient room in his building for the rehandling of such grain."

(c) *Identity of Grain in Transit.*

If a shipper wishes to preserve the identity of his grain in transit from Winnipeg to Eastern Canada or to the seaboard for export the Board may grant him permission to lease special bins in the terminal elevators, and allow him to take the necessary means within the provisions of the Act to preserve the identity of his grain.

§ 7. *Other Provisions.*

Amongst the other provisions of the Act, the following may be noted:

(a) *Sale of Grain by Sample.*

The Act empowers the Government to establish sample markets in Winnipeg, Fort William and Calgary whenever it will be deemed that conditions exist justifying such a course. The section giving the Government this power will, however, only come into force upon proclamation by the Governor in Council, in the *Canada Gazette*.

Any person may buy or sell grain by sample, regardless of its grades.

(b) *Commission Merchants.*

Grain Commission merchants in the *Western Division* must obtain licenses from the Board and furnish bonds. Their bonds are conditioned

to the effect that they must faithfully account and report to all persons entrusting them with grain for sale on commission. In case a consignor receives no remittance from the commission merchant or if the merchant's report is unsatisfactory he may complain to the Board who shall investigate the matter.

(c) *Track Buyers.*

Track buyers are to be licensed and bonded under the Act, but the provision does not apply to any person who pays the full price of the grain before or at the time he receives it. The provisions concerning commission merchants apply as far as possible to track buyers.

The closing sections provide penalties for various infractions of the Act.

MISCELLANEOUS

FRANCE.

CURRENT QUESTIONS.

Livestock Production and Trade in France.

The Price of Meat.

The subject of livestock and the high price of meat is one of those that have received the most anxious attention of economists, and farmers, and also of consumers in recent months. We may even say that it is one of universal interest. In the majority of the countries of Central Europe, in fact, chiefly in Germany but also in Switzerland and even in Italy, since 1909 and especially in 1910-1911, there has been a real meat crisis. The supply of livestock was insufficient to meet the demand; the price of meat rose higher than it had ever been before, and it was necessary to import livestock. The exporting countries on their side had to forward information. They tried to send more refrigerated and congealed meat from over sea to the continent.

Among the countries of Europe, France almost alone possesses sufficiently large herds, at least of horned cattle not only for its own needs but even for export without cattle farming thereby suffering. Foreign purchasers have thronged the French markets, above all in 1910, and this has contributed to some degree to raise the price of meat also in France.

In this study we shall consider the amount of French livestock and the situation of livestock improvement in France, the methods of sale and the trade in livestock generally, together with the rise in the price of meat and the measures now proposed at least for its reduction.

**§ 1. Importance of French Livestock and Situation
of Livestock Improvement in France.**

Importance of French Livestock. — Livestock improvement is one of the most important branches of French agriculture. According to the Agricultural Statistical Returns for 1892, from it was derived about a third of the total agricultural yield, or more than 3,300,000,000 frs. The net annual yield from it is almost the same as that from cereals, although the area of the pasture lands is less than that under grain. The area utilised for the cultivation of cattle foods is also constantly increasing (1).

According to the statistics furnished by the Department of Agriculture and quoted by M. Fernand David (2), it increased from 10,930,418 hectares in 1892 to 15,135,080 hectares in 1909, that is 28 % in 17 years. The cattle foods produced increased at the same time from 470,208 tons to 830,984 tons or 43 %.

The number of head of livestock, which was 47,471,000 in 1892, was not more than 43,711,900 in 1910, but the decrease was only in sheep, which is characteristic of the advance of more intensive cultivation, and the net yield of meat per animal increased; in the other classes of animals and especially in the horned cattle there was an increase:

Horses	2,795,000	3,197,720
Mules	217,000	192,740
Asses	368,000	360,710
Horned Cattle . .	12,708,000	14,532,030
Sheep	22,116,000	17,110,760
Pigs	7,422,000	6,900,230
Goats	1,845,000	1,417,710
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Total . . .	47,417,000	43,711,900

We shall give some attention to the equine group and then deal more especially with the species producing butchers' meat, properly so called *Horses, Mules and Asses*. — In spite of the progress of railways and motor cars, there has been an increase of nearly 500,000 horses. The

(1) It seems that this experience is general: M. LAUR notices it in his study on "Swiss Agricultural Profits."

(2) FERNAND DAVID. *Report on the General Estimates of Expenditure for 1912*. (Department of Agriculture), Chamber of Deputies. No. 1, 254. Session of 1911.

principal centres of livestock improvement are above all in the West of France, near the sea, and more especially in the plains. It is from these that the Flemish and Boulogne heavy draught horses come, the Breton and Norman post and coach horses, the thoroughbreds of Cotentin, the halfbreds of the plain of Caen and of the Auge district, the robust breed of Perche from which the Parisian omnibus horses were largely taken. We find light draught horses, robust, although of moderate height, in the Ardennes, a very strong race in the Nivernais and Morvan, halfbreds in the plain of Tarbes and the South West Region and some special breeds, small and light, of secondary importance in Landes, Camargue and Corsica.

Mules seem to have somewhat decreased in number. In reality they have now regained their former importance. The large mules of Poitou, produced by the mule breeding race of horses of that region are still the most robust and the most in demand. There are also districts of horses that produce mules of more robust build, in Gascony, and along the line of the Pyrenees, in Savoy and in Dauphiné.

Asses are scarcely bred anywhere except in the North-West, in the Central Mass, in the Basin of the Garonne, the plains of Upper Poitou and in some centres of secondary importance. The number of asses shows no great variation. The tall asses of Poitou are always in demand for exportation to America and they sometimes realise very high prices.

Generally speaking, our import of members of the equine group has declined, in spite of the crisis in saddle horses that has recently begun. We have bought horses in England and Austro-Hungary, and we export to Belgium, Germany, Switzerland, Italy and America. We export mules principally to Spain and Italy.

Horned Cattle. Regions of their Improvement.—Horned cattle is the species that has made most progress. The number further increased in 1910 when it was 14,532,030, an increase of 2 million head in twenty years. Horned cattle are far from being evenly distributed.

The *ox*, ending always at the slaughterhouse, is still the animal most extensively used in agriculture, and has regained in the intensively cultivated plains of the North the place it lost some time back.

The Flemish, Norman and Breton *cows* are universally renowned for their milk. The milk of the Parthenay cows is rich in butter, while at the same time the race is remarkably suited for draught purposes and provides very good meat. The Durham, Charolais, Limousin and Salers breeds give meat of quite the best quality. The breeds of the Garonne and the South West furnish good working animals, the cow itself being often yoked to the plough. Certain regions, like Auvergne, Lower Bretagne and Anjou, breed cattle both for the dairy industry and the slaughterhouse. The fattening meadows of Lower Normandy, Morvan and Charolais are particularly appreciated.

Butter is manufactured almost everywhere. Isigny, Normandy and Bretagne have long been famous for it. The butter of the co-operative dairies of the Charentes and Poitou is continually improving in quality and increasing in quantity and these dairies now furnish at least half the butter consumed in Paris.

Hard *Cheeses* are made principally in the mountain regions of the Jura, the Alps and in the Central Plateau; soft cheeses in Normandy, Bray and Brie.

Cattle Improvement. — French Cattle have not only increased in quantity but improved in quality and consequently risen in value. They have been considerably improved since the middle of the last century. Cattle were no longer considered, as formerly, as a "necessary evil" or as simple machines for the production of dung, but as a profitable speculation. Thanks to the efforts of improvers, by the application of scientific methods, there has been produced an appreciable reduction of the skeleton, an amplitude of form, an increase of net yield of meat and finally a rapid maturity permitting of the slaughter of the beasts at a much earlier age and consequently of the more frequent renewal of the stock.

The age for the slaughter of oxen, which was, according to a note of the *Agricultural Information Office*,

									Kg
								8 years in 1862 with an average net yield of meat of	225
was reduced to 5 years	10 months	in 1892	"	"	"	"	"		310
"	"	5 "	2 "	in 1897	"	"	"	"	340
"	"	4 "	6 "	in 1909	"	"	"	"	365

Import and Export of Cattle. — France, which formerly imported livestock, now not only supplies enough for its own consumption, but exports. According to M. Méline (1), if we take 4 periods since 1881, the first from 1881 to 1883 before the customs tariffs came into force, the three others from 1888 to 1890, 1898 to 1900, and 1908 to 1911, we find: in the first period France imported for its consumption, 180,000 head of livestock more than it exported; in the second period it only bought 50,000; and in the third 1,500. In the fourth, not only were none imported but, on the contrary, 32,000 were exported. In 1910 the surplus export was even 100,000. In 1911 the export of oxen diminished a little, but that of cows increased by 2,578 head over the figures for 1910 and that of

(1) Speech delivered, August 13th., 1911, at the Meeting of the Remiremont (Vosges) Agricultural Comice, held at Thillot.

calves rose from 75,541 head in 1910 to 85,559 in 1911 (1). The export of bulls and calves was so great that it was suggested to tax it and even forbid the export of heifers at least for a time.

Sheep. Improvement Regions. — The situation is different in the case of sheep.

First of all, if we compare a map of the sheep improvement regions with one of the horned cattle improvement regions, we find that the two kinds of improvement generally exclude each other. Where sheep are improved horned cattle are not and vice versa, except perhaps in Limousin and a part of Auvergne.

The principal centres of sheep improvement are the Ardennes, Champagne, Brie, Beauce, Sologne, Berry, Limousin, Causses du Quercy, Gévaudan, Larzac, Rouergue, Garrigues and the Montagne Noire, the Landes, les Corbières, Crau, the Provençal Alps, and Corsica.

Sheep improvement is carried on more and more with a view to the production of meat rather than of wool.

Reduction in Number of Sheep. — But we find from a comparison of statistical data that the number of sheep is continually decreasing. From 22,116,000 in 1892 it decreased to 17,357,640 in 1909 and 17,110,760 in 1910, a diminution of about 250,000 per year. This is a phenomenon common to all countries where cultivation is becoming more intensive.

Improvement in Quality. — On the other hand, if the number of sheep is diminishing, the quality is improving, and as with horned cattle, perhaps even more in the case of sheep, the average age for slaughtering is lower. Thus again the same note of the *Agricultural Information Office* informs us :

The average age for slaughter was :

3 years	in 1862	with a net average yield of meat of kg.	18
2 years 8 months	in 1892	„ „ „ „ „	20
2 „ 6 „	in 1897	„ „ „ „ „	21
2 „ 2 „	in 1909	„ „ „ „ „	21

In fact young animals are eaten more and more and the meat of lambs is more and more in request.

Importation and Exportation. — The importation of sheep, which recently, in 1909 and 1910, was between 1,200,000 and 1,300,000 head,

(1) See M. MARCEL VACHER. (*Les marchés aux bestiaux. Les abattoirs régionaux et industriels*). Lecture given at the Musée Social in March, 1912.

and has always since 1870 remained about the same, decreased very appreciably in 1911, in which year only 967,775 head were imported. This decrease was due, according to M. Marcel Vacher (1), to the reduced consumption of mutton and especially to the measures taken for the preservation of the Algerian flocks, notably the prohibition of the export of sheep from Algeria. Most of the sheep imported into France came from Algeria and Tunis, even in 1911 986,095 being imported thence and only 4,677 from other countries.

The export of French sheep is very small, only 7,879 head in 1909 (8,923 in 1910 and 11,062 in 1911), a slight increase, we see, as also in the case of lambs, the exportation of which was 25,943 head in 1909

11,506 „ in 1910

94,318 „ in 1911

Pigs. Number. — The number of pigs has varied more irregularly, owing to the rapidity with which these animals breed, but for many years the number has always been about $7\frac{1}{2}$ millions.

7,422,000 in 1892.

7,305,850 in 1909

There was a very marked decrease in 1910 as compared with 1909, of over 400,000 head; but this was due to two very bad potato seasons, potatoes being one of the principal articles of their diet. The consequent rise in price and the remarkable rapidity with which pigs breed will certainly permit of a return to the former number as soon as there is a good potato crop.

Districts of Pig Improvement. — Pigs are found everywhere, above all in the small farming districts. They provide an admirable means of utilising the waste products of the dairy, and a certain number of co-operative dairies have pig improvement establishments attached. But they are more especially bred or fattened in Marne, Craonnais, Anjou, Bretagne, Poitou, Limousin, Lower Auvergne, Périgord, Quercy, Rouergue, Béarn, the Toulouse district, parts of the valley of the Rhône, Dauphiné and Vivarais, Upper Burgundy and Bourbonnais.

Pig Improvement. — The progress in livestock improvement is also seen in the case of pigs. Successful crossings and a scientific diet have permitted the lowering of the average age for slaughtering, as well as the appreciable increase of the net yield of meat, also in the case of pigs.

(1) Lecture above referred to.

The average age for slaughter was:

14 months in	1862 with	88 kg. of average	yield of meat
II "	1892 "	94 "	" "
II "	1897 "	98 "	" "
IO "	1909 "	100 "	" "

Importation and Exportation. — In ordinary years, if salted pork is imported into France, live pigs are scarcely ever bought abroad. Our country is rather an exporter. However, as we said above, there have been some bad years corresponding for the most part with those of insufficient potato crops. These years have of course given occasion for larger importations but of temporary character. Thus, while in 1908 we imported 252,569 pigs, we had sufficiently made up the deficiency in our production by means of breeding by 1910 to be able to satisfy the national demand and in addition export 126,876 head, importing only 16,138. A new failure of the potato crop in 1911, having again reduced the supply of pigs, the exportation last year decreased in consequence to 29,802 head only, against an importation of 217,974, approaching that of 1908 and largely made up of Dutch and Danish pigs (188,772 head). These pigs, which are smaller than the French, seldom yield 100 kilos and the quality of their meat is far inferior to that of the pigs of our country. Still, the importation of live pigs would have been far higher if there had not been also imported 60,961 quintals of fresh or frozen pork, against only 243 in 1910 and 82,153 quintals of salt meat (1), against 41,897 in 1910.

Goats, the cows of the poor as they are sometimes called, are relatively few in France: 1,845,000 in 1892, 1,418,000 in 1909, 1,417,710 in 1910, with consequently a slight decrease.

Goats are principally improved in the mountain regions, in the Alps of Dauphiné, the Vivarais, Corsica, Forez, Beaujolais, and in the plains of Poitou, Berry and to some degree in the Landes.

Goats are of small importance for the production of butchers' meat.

To sum up, the situation of French livestock improvement is, all considered, very satisfactory. It has made considerable progress and greater yet may be realised. Recently, a great deal of arable land and even many vineyards have been converted temporarily or permanently into meadow land and the net yield of meat has improved. In a certain number of farms of Normandy, the Centre and Lower Poitou, improvement of saddle horses has given way to that of dairy cows. The pasture lands may even yet be improved, the production of the meadows may be increased;

(1) MARCEL VAENBR, Lecture above referred to.

there are still more than two million hectares of moor or fallow land that might be transformed into pasture land.

France scarcely maintains, as M. Marcel Vacher has remarked, more than 45 head of cattle per 100 hectares, while Germany has 56, Holland 70 and Denmark 103. We may then expect a still more appreciable and rapid increase of French livestock.

§ 2. *Trade in Livestock and Meat.*

(A) *Trade in Livestock.*

Farmers sell their livestock either themselves on their farms or at the fairs or markets, or indirectly through agents, or brokers or through the medium of syndicates or co-operative societies for sale.

Direct Sale. — Direct sales on the farms, even in the cowhouses, tend to increase, at least in certain regions, in proportion as the better instructed farmer keeps himself better informed by means of the agricultural and commercial papers, takes note of current price lists in the papers, and the prices at fairs and markets, and understands the value of his own livestock. He thus escapes the expense of travelling and the loss of time in visiting the neighbouring fairs or markets. Sometimes even on certain large farms, especially in Burgundy, bargains are made by telegraph or telephone. Direct sale is particularly easy when the prices are high, the supply is limited, and the buyers are seeking the sellers. Thus, for example, in Lower Poitou a large number of horned cattle and above all of pigs are bought on the farms. The livestock dealers, when they do not themselves conduct the sales, have agents who go from village to village, from farm to farm, for the purpose. They go to seek the farmer in his own village or on his own farm. This mode of proceeding is not always free from risk.

Sales are made after a simple examination of the animal. Experts learn to estimate the weight of an animal almost within a kilogramme. But often also the sale is made after weighing the animal, especially in the case of small animals as they can be more easily weighed on the machines. However, sometimes, although more rarely, large cattle are sold by weight, after being weighed on private, communal or syndicate machines.

The contracts, as also in fairs and markets, are principally verbal and are frequently concluded by an energetic mutual striking of hands. In making payments the old expressions are still employed: *pistole* (10 francs) and *écu* (crown) (3 or 5 francs).

The fairs and markets. — The livestock *fairs and markets* in each department are authorized by the General Councils and after consultation

with the municipal councils, according to art. 46 of the law of August 10th., 1871. The municipal administration arranges for the police service at these fairs and markets and may collect dues on each animal entered. In terms of the laws on sanitation, especially that of July 21st., 1881 and the decree of June 22nd., 1882, the animals must be arranged in classes and subjected to inspection by a veterinary surgeon. Animals suffering or suspected of suffering from disease are placed in the pound. After fairs the sites must be cleaned and disinfected. The prefect may temporarily suspend the fairs or markets in any department when there is fear of an epidemic.

There are 25,000 fairs held in France, some of them date from very early times and go back to the XIIIth century and even further. It is known that the markets were placed by the ancient pagans under the protection of the gods. No doubt it was owing to these traditions that the fairs were chiefly held in the middle ages on the festivals of patron saints and to-day still a large number are held on such days, on St. John's (June 24th.), Saint Michael's (September 29th), Saint Martin's (November 11th) and Saint Andrew's (November 30th).

The markets for the supply of certain large towns like Lyons and Paris have become real commercial centres supplying the whole region. The animals brought there are sometimes despatched again to great distances, and in spite of sanitary precautions, these markets, sometimes, are the means of propagating contagious diseases.

The Villette market at Paris — which has taken the place of the ancient markets of Poissy and Lecaux, outside the city — has become not only a centre of supply for Paris and its suburbs but also for the whole of the North and of the East and even for several more remote parts of France.

The Central Markets of Paris are becoming more and more important centres for the sale of meat.

Carriage of livestock. — Independently of the danger of infection and propagation of contagious diseases, the fairs and markets for livestock, remote from centres of production, present inconveniences owing to the existing conditions for the carriage of livestock. The animals are not fed on the journey and the fatigue together with this compulsory fast makes them lose a considerable part of their weight, varying according to the distance from 3 to 4, 6 and even 8 % but on an average 4 %. Besides, the animals are crowded together, they do not breathe freely, they become feverish and their flesh accumulates waste material, which may make the preservation of the meat difficult.

Farmers and cattle dealers are asking for the acceleration of transport by the introduction of special express trains, the shortening of the stoppages at the stations in transit, the institution of grain stores and

watering places at the stations. But the railway companies are scarcely in a hurry to make these improvements to which they will doubtless not agree without increasing their rates.

Brokers or Commission Agents. — Without doubt the owners of animals can go to these large markets to sell their cattle themselves, but in fact that would cost them a good deal; unless they live near or have a large stock to sell.

They make use, therefore, of brokers or commission agents, more used to the markets, but of course they must be paid and thus the producer loses a part of his profit.

Thus, according to M. Albert Dulac, there would be already per ox of 500 kilos a loss of 58.40 frs., per calf of 110 kilos a loss of 14.60 frs., per sheep of 40 kilos a loss of 5.71 frs., or a loss of from .12 frs. to .14 frs. per kilo of live weight, before sale to the wholesale butchers on the Villette market, through loss in weight of animals, expenses of the journey, market charges and brokers' fees. We shall see hereafter the deductions made by the other intermediaries, the various classes of butchers, before the meat is sold to the consumers.


Co-operative Sale. — So attempt has been made to get rid of some of these middle men by means of syndicate or co-operative sale. The Central Syndicate of French Farmers has a special agent for the sale of members' livestock at la Villette. A certain number of Syndicates sell livestock or organize fairs or markets for their members. The Syndicate of Craon (Mayenne) sells sucking pigs. The Association of Farmers, Livestock Improvers and Vine Growers of Indre, at Châteauroux, organizes auctions for the sale of Berry rams. The Agricultural Syndicates of Calvados and the Boulogne district sell horses, etc.

But in this respect we are but beginners and very far from the results obtained in Germany.

(B) *Villette Market.*

Organization of the Market. The Villette Market, as before mentioned, has assumed such importance in the general meat trade that it deserves very particular attention.

Through the amount of its business, the origin of the livestock sold on it, and its constantly larger field of action, it has become a really national market. Livestock are dispatched to it from every part of France and Algeria and purchasers come from the most various regions and even from abroad. Further, the prices it fixes serve as a basis for livestock business in the whole of France.

It has a livestock market and slaughter houses, separated by the  canal, but communicating by means of several bridges. The market

alone covers 23 hectares. Three halls with glass roofs shelter the animals. There are cattle stalls, sheep pens and pig-styes for those that are not to go immediately to the slaughter-houses. The market is open to all, but, as a matter of fact, sale is principally conducted by brokers or agents. The chief market days are Monday and Thursday in each week. The hours for sale are fixed by regulation and outside of them all business is forbidden. The animals brought to market pay a charge for admission and disinfection of 3.25 frs. per ox, cow or bull, 1.10 fr. per calf, 1.15 fr. per pig, .325 per sheep. There is also a charge for their keep and food when they are not sold the first day.

Modes of Sale.—When the sale is managed by agents these take a commission of from 3 to 5 francs per ox, cow or bull, 2 frs. per calf or pig, .30 fr. per sheep.

Horned cattle and sheep are generally sold by contract at so much per head. Pigs are sold by weight, at so much per 50 kilos, the price being settled between the parties. In the case of horned cattle and sheep, the parties estimate the animal together, fixing the price according to the probable net yield of meat and its quality. If there is too great a divergence of opinion, the sale is effected sometimes at so much (the rate of the day) per kilogramme, or rather the half kilogramme (1), of net meat.

The following proportions (2) are taken as a basis for the estimate :

A yield of	60 %	of live weight	for an	ox	of	1st quality	(3)
" "	55	" "	" "	" "	" "	2nd	"
" "	50	" "	" "	" "	" "	3rd	"
" "	62	" "	" "	calf	" "	1st	"
" "	58	" "	" "	" "	" "	2nd	"
" "	55	" "	" "	" "	" "	3rd	"
" "	52	" "	" "	wether	" "	1st	"
" "	47	" "	" "	" "	" "	2nd	"
" "	42	" "	" "	" "	" "	3rd	"

Fixing of Prices.—The current price is fixed in two different ways.

1st. By a market police inspector, specially appointed for each class of animal, who questions the most considerable buyers and sellers and,

(1) It is still expressed in *livres* (pound), just as we saw the words *pistole* and *écu* are still used.

(2) According to M. Rollin, Honorary Secretary of the Syndicate Chamber of Livestock Commission Agents. Communication to the Meeting of the National Agricultural Society, October 22nd., 1910.

(3) The yield from cows is less than that from oxen.

(4) The yield from ewes is less than that from wethers.

according to the information he receives, establishes 3 rates for the 1st., 2nd and 3rd. quality, with maximum and minimum price.

2nd. by representatives of the press who proceed by personal enquiry in the same manner as the police inspector.

These rates published in the whole of France serve to regulate the purchase price in the provinces and determine the prices fixed on the regional markets.

Amount of Business Done. — To give an idea of the importance of the business done on the Villette market it is enough to state that between 1900 and 1910 there were sold each year :

between 330,000 and	417,000 head of	horned cattle
161,000 and	220,000	calves
1,600,000 and	2,060,000	sheep
380,000 and	580,000	pigs

The total sales sometimes exceed 40 million francs.

Re-expedition of Animals Sold to the Provinces. — A considerable number of the animals sold on the Villette Market are again forwarded to the provinces and even abroad : to the North, the East, to Switzerland and even sometimes as far as Marseilles. M. Méline mentions in this connection a typical fact. (1). One of his colleagues in the senate, a large livestock improver in Normandy, had sold 3 oxen on the market of la Villette. Some weeks after the sale he visited one of his friends at a distance of a few kilometres from his own house. He was invited to visit his stalls to see three superb beasts he had just purchased on the Villette market. They were none other than those the Senator had sold a few weeks before.

From 46 to 50 % of the beasts are thus again despatched from Paris with sale and carriage expenses that might have been in part saved. Thus in 1908 from 35 to 38 % of the oxen, from 47 to 60 % of the cows, from 20 to 25 % of the bulls, from 40 to 45 % of the calves, from 33 to 36 % of the sheep, and from 47 to 52 % of the pigs sold on the Villette market were again sent off.

Direct Expedition to the Slaughterhouses. The 4th. Incline. On the other hand, a certain number of beasts are taken directly to the slaughterhouses without passing through the market. Thus between 1900 and 1910 there were introduced directly into the slaughterhouses every year :

from 67,000 to 97,000	head of horned cattle
from 146,000 to 184,000	calves
from 700,000 to 938,000	sheep
from 120,000 to 250,000	pigs

(1) Meeting of the National Agricultural Society, July 7th., 1909.

In 1910, according to M. Sagnier (1), besides the meat arriving directly either at the central markets or at the slaughterers', out of 261,000 head of horned cattle slaughtered at the slaughterhouses of La Villette and Vaugirard, only 181,000 or 70 % came from the market of La Villette.

This matter of the direct introduction of animals to the slaughterhouses is just one of the question sthat has been most under discussion for a score of years. 'The livestock sellers selling at La Villette, owners, dealers, or agents, and the agricultural societies, especially that of Nièvre and the Normandy Graziers' syndicate, say that direct introduction to the slaughter houses, at the same time as it reduces the business of the Villette market gives the wholesale butchers considerable opportunities for lowering prices. (2)

The wholesale slaughterhouses, say they, arrange always to have in the cattle stalls of their slaughterhouses the evening before the markets, that is, on Sunday and Wednesday evenings, a number of animals varying from 800 to 1,000, that is to say about as many as they require for slaughter on the marketday and the day after. Their requirements being thus satisfied, they only buy if it suits them and lower the prices. The whole-sale butchers answer that this direct supply is necessary for the daily provision of the slaughterhouses and in their turn accuse the *hucksters* or *agents* of combining in order to place cattle on the market, which, on principle, should be held daily, only twice a week, on Mondays and Thursdays, and to bring complete trainloads of cattle on the market at a late hour, which causes the lowering of price.

The adversaries of direct supply to the slaughterhouses ask for the closing of the 4th incline, that is to say, the passage from the market station to the slaughterhouses above the Ourcq canal, only opened in 1874. They say that it occasions a loss in town dues to the town of Paris, besides being objectionable from the point of view of health.

To sum up, it is a very complicated and much controverted question in which various interests come into conflict.

(C) *Trade in Butchers' Meat.*

We have seen that the cattle sold by the farmers reach the butchers after passing through the hands of often many middlemen.

Trade in Butchers' Meat in the Country and the Provinces. — In the country the butchers buy the cattle they require directly and slaughter them in their private establishments. The decree of 1882 placed these

(1) Meeting of the National Agricultural Society, March 27th., 1912.

(2) M. Rollin's Communications to the National Agricultural Society. April 8th., 1907.

butchers under the supervision of the veterinary surgeon delegated for the purpose, who, since the reorganization of the Sanitary Service, acts under the Departmental Veterinary Surgeon, but indeed it is difficult to supervise these slaughterhouses and sometimes diseased animals are killed in them. The rural communes cannot build municipal slaughterhouses as that would be too great a strain upon their resources, but they might perhaps, in accordance with the law of March 22nd., 1890, constitute communal syndicates to build them, and the working might afterwards be entrusted to contractors.

In the provincial towns the supervision is far more efficacious, for most of them have built slaughterhouses. Some even have quite perfect installations with refrigerating plant and may be cited as model organizations. Such are the slaughterhouses of Dijon, Soissons, Angers, Thaon, Comines, etc.

On the other hand, most of the butchers of the small towns buy the cattle they require for their trade directly. Each of them has his stall at the slaughterhouse and the number of middlemen is consequently limited. It is only in the towns remote from the centres of production to which the cattle are sometimes forwarded from la Villette that the meat is delivered to the consumers at a rate not differing too greatly from the price paid to the farmers.

The Trade in Butchers' Meat at Paris. — But it is above all in Paris that this difference is especially appreciable, because the number of middlemen there is too large.

Before 1888 a butcher's stall could not be authorized in Paris before the butcher showed he had a scalding house attached to the establishment. There was then only one intermediary, the agent, between the producer and the retail butcher.

As M. Viger has very well observed (1), it was the suppression of the regulations on butchers' establishments by M. Rouher in 1858 that was fatal to the consumer.

Slaughterhouses becoming free by the decree of 1858, the number of stall-keepers multiplied. "Where there had been 501 stalls for 1,800,000 inhabitants, which, in proportion to the present population, would be 680 stallkeepers, we now have 2,256 or 1,600 more." The number has certainly increased, since he spoke, and we may now estimate, according to the figures given by M. Viger, one retail butcher per 700 or 800 inhabitants, without including the itinerant dealers selling in the small district markets.

The chevillards and gargots. — The individual stallkeepers no longer being able to buy and kill a sufficiently large quantity of cattle, a special

(1) Meeting of the National Agricultural Society, March 27th., 1912 and Study published in the number of the "Reforme Economique" of June 2nd., 1892.

class of wholesale butchers has been formed to supply the retail butchers with the meat required in their trade. These butchers have been called *chevillards* because they sell the meat hanging from nails or pegs (*chevilles*).

In reality there were already some wholesale butchers in 1858, but they have increased and specialised further. There were, according to M. Albert Dulac (1), in 1881, 225, in 1890 258, in 1897 302. These wholesale butchers who buy live animals and sell the meat make their chief profit by the sale of the 5th quarter that is of the offal and waste portions (brain, heart, liver, spleen, intestines, feet, skin, etc.).

There are also wholesale pork butchers, called *gargots*, who buy pigs wholesale and sell the meat to retail pork butchers.

There are also some butchers who slaughter on commission for the account of other butchers, or rather of the owners, but they are comparatively few.

Redistribution. — The *chevillards* deliver to the butchers beef cut in four quarters, veal in two and mutton whole. The retail butcher prepares the joints, but certain joints are more and more in demand not only among middle class customers, but even among the working classes; to such a degree that we may say that a sheep only yields legs, shoulders and cutlets. So the butchers who buy the whole animals have a superfluity of some portions and not enough of others. They then have to sell some portions and buy others. This trade is carried on in the Central Market. But the larger stallkeepers prefer to buy all they require at the slaughterhouses instead of going to the Central Market. For this reason, in 1872, there was instituted at the Villette Slaughterhouse a *redistribution* market, where more than 6 million kilogrammes of meat are sold per year. It sells by auction or private bargain. As at the market, there is an admission charge of 2.10 fr. per 100 kg. and .10 fr. for weighing.

The Paris Central Market. — The Central Market serves, as we have seen, as a redistribution market, but meat from the provinces is also received. The consignments of meat to the Central Market are continually increasing. Thus, according to a report by M. Menant, Director of the Municipal Service for Provisioning Paris, between 1908 and 1909 there was a decrease of 1,612,166 kgs. in the amount of meat leaving the slaughterhouses and an increase of 2,568,693 kgs. of meat received at the Central Market. Altogether, in 1909, 158,415,290 kgs. of meat paid octroi, 34,819,143 kgs. of pork, 3,774,875 kgs. salted hams, etc.

The meat sold on the market is subjected to a careful examination by the veterinary surgeon. It is sold by auction through the medium of

(1) ALBERT DULAC: *Commerce des produits agricoles*. Annales agronomiques t., XXVI, Year 1900. Let us add in 1893 the Labour Office instituted a fairly complete enquiry into the Food Supply of Paris, which may be consulted with advantage.

authorised agents or bokers. The wholesale sale of meat is carried on in the room Nos. 3 and 5, the retail sale in room N° 3 and the pork and tripe sales in rooms N° 5 and 6.

The market has cellars with refrigerating plant serving to a certain, but a very small, degree, for the preservation of meat, whilst the refrigerating chambers of the Villette slaughterhouses have hardly been made use of.

Middlemen's Charges. — We see thus there is a large number of intermediaries between the producers and consumers. The consequence is that the beef is sold to consumers at a price exceeding that paid on the farm by from 40 to 50 %, according to M. Dulac's calculation. According to M. Viger, the difference was from 50 to 60 % — from 10 to 12 % would represent the expenses of purchase in the provinces, of carriage and slaughter, and from 30 to 40 % the charges for retail sale. From figures quoted by M. Viger in 1892 it would appear that for an ox the broker would receive from 3 to 5 francs, the *chevillard* from 6 to 8 francs and the retail butcher about 90 francs.

Then an ox would be taxed .55 frs. the kilo, at the stall, a calf .78 fr and a sheep .64 frs. But in these calculations account has not been taken of a fact, however very frequent, that the livestock passes through the hands of 2 or 3 provincial brokers before reaching the Paris market. And since the enquiry made by M. Viger the expenses of the retail butchers and, consequently, the charges they levy, have certainly increased in consequence of the social laws which impose new burdens on them in regard to their workmen, the increased needs and continually new demands of the consumers who want orders to be taken at their houses in the morning and the meat delivered, and the "sou per franc" demanded by the cooks, etc.

In a more recent study, M. Lucas (1) arrives at similar conclusions. He estimates the difference between the price of the meat at the farm and that at the retail butchers' as from 30 to 40 % of the value. He calculates this difference at 155.90 fr. per ox of 500 kilos, 36.30 frs. per calf of 140 kilos and 16.20 fr. per sheep of 40 kilos.

	Ox fr.	Veal fr.	Sheep fr.
1st. before sale at the slaughterhouse, per ½ kilo at .	.117	.133	.143
2nd. after slaughter, per ½ kilo . . . . .	.050	.050	.050
	<hr/>	<hr/>	<hr/>
	.167	.183	.193

(1) J. E. LUCAS: *Abattoirs agricoles co-opératifs*. Paris, 1909.

But in order to obtain the difference between the price paid to the farmer and the price paid by the consumer we must also add the profit of the retail butcher himself.

According to a study by M. Paul Bernard in the "*Progrès Agricole*," in 1909, for a cow of 550 kgs. giving 302 kgs. net of meat, bought at 430 frs. and sold retail at Amiens for 576 frs., the butchers' profit was 126.70 fr. An ox of 500 kgs., bought for 700 francs at Nevers was sold again at 940 fr. After calculating the butchers' expenses, M. Bernard still reckons his profits at 90.50 frs.

M. Convert, in his turn, estimates the increase between the original price of the meat paid on the Villette Market and that paid by the retail butcher, not by the consumer, at 33 %. (1)

M. Saint Marcel also recently stated before the Agricultural Society of Rheims that an ox weighing 500 kgs., bought of the farmer at about 500 frs. was later sold retail at 940 fr.

According to M. Levré, President of the Syndicate Chamber of the Paris Slaughterhouse, this difference between the price of cattle and meat is not fixed: it diminishes as the price of cattle rises and, *vice versa*, increases when the price of cattle falls. This is very probable as the fluctuations in the price of butchers' meat do not follow, automatically, the fluctuations in the price of cattle.

§ 3. *Price of Meat and the Present High Prices.*

The price of meat has varied greatly in France in the course of the last century. It varies accidentally from one year to another, like that of any other merchandise, by reason of special circumstances, notably according to the greater or less quantity of cattle food. In fact, the price of meat is in inverse proportion to that of hay. Generally, also the price of livestock falls at the beginning of winter to rise again in spring, when the demand is greater.

The variations we have observed in the amount of the national stock of pigs in accordance with the fluctuations in the potato crop also naturally have their influence on the price of pork. The difference is perhaps still more felt in the case of sucking pigs than in that of the older animals.

Variations in Price and Customs Dues.—Customs Tariffs have evidently had a certain influence on the price of meat. The price of meat and of

(1) F. CONVERT, Professor of Rural Economy at the Agronomical Institute: *L'industrie agricole*. Paris, 1900.

cattle which had increased nearly 50 % from 1789 to 1815, having fallen considerably towards 1820,—it was scarcely .85 fr. per kilo of beef at Paris, —a system of protection, called the sliding scale, which had not, to say the truth, any great influence on prices, was introduced. Prices varied from .84 fr. to 1.15 fr. for beef from 1820 to 1851. In 1852 the prices rose, the sliding scale was suspended and up to 1881 there was a system of free trade. There was none the less an appreciable rise of prices both in France and in England up to about 1874. The price per kg. of beef reached 1.62 fr. Afterwards it fell and in 1881 a system of protection was again resorted to, and continued and completed by the laws of 1881, 1885, 1890, 1903 and 1910. The customs rates are now established per 100 kilos of livestock, fresh or salt meat. For live horned cattle the rate varies between a minimum of 20 frs. and the general rate of 30 frs. per 100 kgs., for sheep between 15 and 40 frs., for pigs between 15 and 25 frs. Prices are a little higher for fresh or salt meat, 25, 30, or 35 fr. being the minimum rate and 40 and 50 fr. the general rate. But in fact the minimum rate is almost always charged.

The Present High Prices. — The marked fall in prices about 1887 was not maintained. The price per kg. of beef of first quality especially fluctuated at Paris from 1.50 fr. to 1.60 fr. between 1890 and 1896. There was a slight fall between 1897 and 1902 and since then the increase has been progressive, 1.45 fr., 1.50 fr., 1.54 fr., 1.65 fr., 1.66 fr., between 1907 and 1909 and 1.70 fr. in 1910.

Thus, the following table published in the "Feuille d'Information" of the Agricultural Department shows the rapid increase in prices in the month of December for recent years.

LA VILLETTE MARKET.

Average price of a kg. of meat per week from 16th. to 23rd. December, 1910 and the corresponding weeks in the four preceding years.

	Average of 3 qualities			
	Beef	Veal	Mutton	Pork
1910	1.77	1.98	1.92	1.68
1909	1.44	1.84	1.90	1.30
1908	1.56	2.08	2.04	1.44
1907	1.39	2.14	2.16	1.73
1906	1.38	2.10	1.93	1.69

In 1911 the increase still continued. The maximum net prices for horned cattle were 2.10 fr. per kilogramme of meat and 1.80 fr. more in December. For sheep the highest price was 2.80 fr. the kilo, for calves

2.90 fr. and for pigs 1.60 fr. The increase was above all seen in the case of calves and sheep. Such prices had never been obtained before.

Yet the increase seems to have been arrested in the middle of last year, if there was not an actual tendency for prices to fall.

The high price of meat created a real alarm in France. It corresponded also with a general increase in the price of other produce. Troubles took place in the North. Everybody concerned himself with the causes of these high prices and the remedies to be applied. Long debates were held on the matter especially in the Farmers' National Society and in Parliament.

The Causes of the Rise. — 'To explain the rise, the idea has been advanced that the high cost of living was due simply to the *depreciation in value of gold*, which is our standard of value, due to the comparative increase in the output of this precious metal. This very attractive theory, seems in fact to be confirmed when we compare the prices with the quantity of the output of gold. But, however striking the theory, there are some objections to it and it does not suffice to explain the high price of meat.

Among indisputable causes are the purchases made in France by foreigners. The increased price of meat being general, and still higher in the neighbouring countries, Germany, Austria, Switzerland and Italy, foreigners come to buy livestock in France. (1) Besides the Germans stored meat in their refrigerating chambers. They came to buy cattle not only in the Paris market, but also in all the centres of production and even in Périgord.

Increased Consumption is also an essential cause. The consumption of meat in France, which in 1840 was only 19.98 kg. on an average per head, was in 1892 35.12 kg. (from 72 to 73 kgs. in Paris, from 58 to 60 kg. in the ordinary towns, 26 kgs. in the country). It is now about 45 kilos (2). According to M. Marcel Vacher (3) at Berlin the consumption increased from 59 kg. in 1875 to 65 kg. in 1880, 77 kg. in 1890, 84 kg. in 1908 and 92 kg. in 1909. The consumption in England is 60 kgs. per head, in North America, 70 kilos, in Australia, 110 kgs., in Switzerland 35 kgs.

To the increased consumption must be added the *general increase of expense* due to the social laws for the protection of workmen (accidents

(1) See the study already published on the "Increasing Cost of Life from the International Point of View," *Bulletin of Economic and Social Intelligence*, April, 1912 (pp. 195, 204).

(2) Without including the average consumption of horse meat which is about 2½ kilos. (At Roubaix it is 3.200 kilos). In 1895 16,000 horses were eaten in Paris, in 1909, 48,795. However, while in 1907 there were 700 horsemeat stalls, in 1909 there were only 491.

(3) Meeting of the National Agricultural Society of February 8th., 1911.

in work, assistance to the aged, protection of children's and women's work, Sunday closing, workmen's pensions) and the rise in house rent.

The incomplete utilisation the butchers can make of the animals and the change in the tastes of the consumers, who will only take certain parts, and those of young animals, have also had a considerable influence.

The defective organization of the cattle and meat market, and of the system of transport and the excessive number of middlemen, as we have seen, also have great influence in raising the price of meat.

Speculation and the customs tariff, on the other hand, do not seem to have had the influence attributed to them, since the increase in prices has been much higher in the neighbouring countries than in France.

Remedies Proposed. — Among the remedies proposed is the abolition or at least the *reduction of the customs dues*. Especially there are before the Chamber of Deputies bills proposed by M. Georges Berry and many others, for the amendment of the General Customs Tariff with regard to livestock and meat — by M. Jules Siegfried, to reduce the price of articles of food and especially of meat — by M. Ballande, to amend N° 17 of the schedule A, to the law of March 29th., 1910, and alter the general customs rates, especially with regard to salt pork, and an amendment was proposed by M. Vaillant to the Budget for 1911 for the temporary abolition of the customs dues on cereals, livestock and meat.

M. Georges Berry's proposal, which was discussed as a matter of urgency, by the Chamber on November 7th., 1911, was referred with the others to the customs commission. They were reported on by M. Loth in the name of the commission, but he only proposed a modification of the duties on salt meat.

The Government, after consultation with an inter-departmental commission and after an agreement come to between the departments of agriculture, finance and the colonies, decided to increase the *free importation of livestock* from the Senegal, the Niger and Madagascar and facilitate the introduction of frozen meat by reducing the formalities and allowing it town warehouse privileges.

The Government is also studying the *reorganization of the Villette Market* and has sought to give further development to livestock improvement, especially by voting a credit of 200,000 frs. as a subvention to livestock improvement syndicates, as proposed by M. Fernand David, now Minister of Commerce, who presented the report on the Agricultural Estimates.

(1) The measures proposed by the Government were dealt with more in detail in the *Bulletin of Economic and Social Institutions* of October 31st., 1911 (pages 199 to 209) and we need only enumerate their here.

The farmers have been advised to increase their livestock, by the improvement of the existing pasture land, converting badly cultivated or uncultivated land into pasturage by further reduction of the amount of fallow land and better utilisation of cut grass, by a better selection of their livestock, by fighting tuberculosis, improving their stalls, and making greater use of agricultural credit and the agricultural associations.

The foundation of co-operative societies for the sale of cattle and even of co-operative slaughterhouses in agreement with the co-operative distributive societies, has been advocated. We have seen that little has been as yet done in this direction in France.

An interesting attempt made a few years ago at Lyons of uniting farmers and townsfolk, producers and consumers, in a co-operative society, "*Union des producteurs et des consommateurs*", did not succeed.

But there have been some interesting attempts of direct sale by farmers to the military slaughterhouses of Toul and Verdun. Some co-operative distributive societies, like that of *La Limagne* at Rior (Puy-de-Dôme), have entered into large contracts with butchers. Finally, we may mention a certain number of co-operative slaughterhouses, some of which are very prosperous, at Divonne-les-Bains (Ain), Pontarlier (Doubs), Nîmes (Gard), St. Macaire (Gironde), Chazelles sur Lyon (Loire), Octeville (Manche), Guérigny (Nièvre), Abscon, Bruay-sur-Escaut, Denain, Escaudain, Faches-Tumesnil, Ferrière-le-Grande, Haspres, Hérin, Lornay, Leers, Neuville, Onnaing, la Sentinelle, Somain, Tourcoing, Trith-St. Léger, Wallers, (Nord), Leforest, Liévin, Mazingarbe (Pas-de-Calais), St. Rémy-sur-Durolle (Puy-de-Dôme), Givors-Canal (Rhône), Valréas (Vaucluse), Montaigu (Vendée), Liffol-le-Grand, Plainfaing (Vosges) etc. (1).

Some co-operative distributive societies have also a special slaughtering department; but this form of co-operation is certainly the most difficult, on account of the tastes of the consumers above mentioned, who all desire the choicest joints, and the consequent difficulty in utilising meat of second quality.

In default of co-operative organization, the organization of regional *industrial slaughterhouses* has been advocated and recommended, establishments, that is, where every day a very large number of animals can be slaughtered, provided, for the purpose, with improved mechanical and refrigerating plant for the transformation of the meat and waste products. These slaughterhouses should be as near the centres of production as possible. They would then despatch the meat to the various centres of distribution. Thus, the intermediaries would be greatly reduced in number and the expense of carriage diminished. It is hoped also that the price

(1) *Almanach de la Coopération française et suisse pour 1911.*

of meat may be to some degree reduced : but for that also an entire organized system of transport and refrigerating plant would be necessary.

In any case, this forms, together with the prohibition of the re-expedition of livestock from La Villette and the large markets, one of the most vexed questions of the day, having very convinced advocates, but also adversaries of note who are afraid of its giving rise, if not to a trust, such as was once contemplated, at least, to speculation in meat.

The matter has been discussed at very considerable length several in meetings of the National Society of Agriculture. M. Marcel Vacher delivered a lecture at the Musée Social on the subject, last March, adducing many documents in support of his statements and receiving very great attention.

The matter is one of those most studied at the present moment.

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From this rapid statement of the various problems raised in France in connection with livestock improvement, the meat trade, and the present high prices, we may see the extent of the studies that may be made on the subject, the discussions provoked, and the interests brought into play. We understand their importance for agricultural production and for the whole land. We thus understand why these matters will still doubtless for a long time engage the attention of economists, students of sociology, politicians and all those interested in the general economy of France.

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MISCELLANEOUS

ITALY.

I. — RECENT NEWS.

Miscellaneous Information.

I. — Estimates of Expenditure of the Department of Agriculture, Industry and Commerce for the Financial Year, 1912-13.

Sources :

Legge 13 giugno 1912, No. 557, che approva lo stato di previsione della spesa del Ministero di Agricoltura, Industria e Commercio per l'Esercizio Finanziario 1912-13 (*Law of June 13th., 1912. No. 557, approving the Estimates of Expenditure for the Department of Agriculture, Industry and Commerce, for the Financial Year 1912-13*).

Relazione della Giunta generale del Bilancio sul disegno di legge relativo al bilancio predetto, presentata alla Camera dei deputati nella seduta dell'11 marzo 1912 (*Report of the General Committee on the Estimates on the Bill for Approval of the above Estimates, presented to the Chamber of Deputies, March 11th., 1912*). Atti parlamentari: No. 985. A.

The Official Gazette of June 18th. last (No. 143) published the approval of the Estimates of Expenditure of the Department of Agriculture, Industry and Commerce, for the financial year 1912-1913.

The law sanctions a total expenditure of 27,238,128 frs. (1) including :

I. for agriculture, 10,132,350 frs. distributed as follows :

(a) expenditure for agriculture generally (for the application of special laws in favour of agriculture, agricultural statistics, shows, prize competitions, subsidies and encouragements to agricultural associations

(1) The figures we here reproduce for the separate services of the Department indicate the ordinary and extraordinary expenses. The latter depend on the application of special laws.

and co-operative societies for purchase, production and sale and to other societies the foundation of which they promote, for direct subsidies for the purpose of diminishing the causes of pellagra, etc.), 1,580,730 frs.

(b) expenditure for viticulture and wine making, olive cultivation and oil making (including assistance to organizations promoting wine and oil making and subsidies to oil making societies and olive growers' associations), 1,297,350 frs.

(c) expenditure for livestock improvement (subventions to livestock improvement associations, encouragements to horse and mule improvement, improvement of horned cattle, sheep and pigs, encouragements to poultry improvement and cheese making, subsidies to agricultural comices, to livestock associations and to other institutions for improving the production, the rearing, management, and utilisation of cattle and facilitating trade in it, encouragements to silkworm cultivation, beekeeping, etc.), 2,875,900 frs.

(d) expenditure for the service of communal lands and *civic uses*, 52,000 frs.

(e) expenditure for reclamation of land and home settlements, (including prizes and encouragements for these purposes as well as for the building of *métayers'* houses and for model farms), 268,230 frs.

(f) expenditure for agricultural instruction (including expenditure on shows and subsidies to academies and agricultural associations for purposes of education), 4,058,140 frs.

II. for water and forests, 7,727,290 frs., distributed in

(a) expenditure on forests, 6,306,530 frs.

(b) expenditure on waters (including aid to irrigation consortiums, expenditure on utilization of Government waters for agriculture and manufactures, on studies, prizes and subsidies for irrigation and drainage, etc.), 257,490 frs.

(c) expenditure in connection with game and fish, 209,770 frs.

(d) expenditure on meteorology and geodynamics, 233,700 frs.

(e) expenditure on mines and geology, 719,800 frs.

III. expenditure on industry, commerce and industrial and commercial education, 3,251,888 frs.

IV. expenditure for the service of credit, thrift and social insurance, (including encouragements, subsidies, prizes and medals for promoting the development of institutions of thrift and co-operation, for promoting and subsidising various undertakings in behalf of thrift, for contributions to scholars' mutual societies, prizes to agricultural institutions successful in competitions, as well as for the application of special laws), 1,751,890 frs.

V. expenditure for the service of statistics and of labour (including expenditure for enquiries, studies, statistical labours, subsidies to institu-

tions for the promotion of the welfare of the working classes, and for the application of social laws), 240,500 frs.

VI. to make up the amount of 27,238,128 frs. there remain the general expenses, those for pensions and compensations and for the General Departmental accounts, amounting in all to 4,134,210 frs.

The above distribution of capital and allocations appears in the estimates under consideration in a new form, corresponding to a rearrangement of the services, recently made by the Minister, Hon. Nitti. In the amendments he introduced he was inspired by the idea of reducing or cancelling the allocations for services he considered of doubtful utility, and increasing those for a few definite objects, for which the intervention of the State is of fundamental importance. For general objects of assistance to private production, that is to say, specific objects have been substituted, "limited in number but clearly defined, for the attainment of which the public administration intervenes with greater wealth of financial resources, greater activity and energy."

The remarks made on certain dependent services of the Department by the Honorable Signor Camera, presenter of the report of the General Committee on the Estimates, are also interesting. In particular, as there are not yet in the separate provinces Government Offices giving information in regard to the local agricultural production and making known the requirements of the farmers for which Government could and should make provision, the Committee considers that a radical decentralisation is necessary. That is to say, provincial offices should be founded, for the transformation, as the Committee suggests, of an itinerant agricultural lecturership in each province, and in particular the lecturership of the chief town in the province, into a provincial directorship. With these provincial directors there should be associated a Provincial Committee of Agriculture, of which the prefect might be president, but which might generally be presided over by a vice-president appointed by Royal Decree from among the members of the Committee, which, in their turn, should be, some of them, members by right of office (the provincial veterinary surgeon, all the heads of the itinerant lecturerships in the province, the directors of special and practical agricultural schools, the professor of scientific agriculture in the engineering institute, the forestry inspector or sub-inspector); some appointed by ministerial decree, from among the most important farmers or farm managers in the province. The provincial directors of agriculture should co-operate in the compilation of agricultural statistics, study and report on the progress of agricultural production in the region, inform the administrations and the competent authorities of the measures that should be adopted, and the institutes to be founded for the promotion of the progress of agriculture in the province; themselves make researches, by means of experimental farms as to the agricultural methods most useful

in a technical and economical sense, under the local conditions; watch over the technical action of all the institutes, incorporated bodies, and authorities in the provinces, the object of which is the promotion of the progress of agricultural production.

Signor Camera further expresses the desire that the public administration may assist the farmers in the sale of their produce, thus working indirectly for the regulation of prices. The measure, he observes, is urgent in Italy in the case of wine, an article the price of which is subject to great variations, according as the vintage is normal, abundant or deficient. He proposes, for the purpose, besides the concession of an increased reduction of the duties on distilled alcohol, the construction, by the public administration, of large vats for the preservation of must and wine, which would evidently permit the private farmers, in return for a low rent, to effect their sales at the most opportune moment, and thus avoid frequent crises.

Another duty of the State, according to the Committee on the Estimates, should be to provide credit, in behalf of the large farmers, for permanent investments, for the building of *métayers'* houses, and, especially in districts of specialised farming (wine or grain), to initiate the foundation of *agricultural villages*, making the farmers concerned, the local administrations and the State, assist in the work.

In the Southern provinces, then, and generally in all places where extensive cultivation and large estates prevail, encouragements should be given, under suitable legal regulations, to contracts for rent on condition of improving the holding, "a system" which might become a marvellous instrument of agricultural progress both in the hands of the small *métayers* and in those of the farmers, who have funds and technical capacity."

Not less important are the remarks of the Committee on the question of waters and forests. The systematization of the holdings and the levelling of the soil, the laying down of drains, the conservation of forests and reafforestation, the legislation regulating the supply and utilisation of water, as well as the reform of the legislative provisions on consortiums for irrigation and on the supply of water for the consortiums for industrial purposes, are so many matters of the utmost gravity for the future of industrial agriculture in the country, to which the General Committee on the Estimates invites the Minister to give his undivided attention.



2. Economic Measures for the Tuscan Maremma.

Sources :

Relazione e proposte della Commissione per lo studio di provvedimenti economici a vantaggio della Maremma Toscana (Decreto ministeriale 12 ottobre 1910). *Annali di Agricoltura*, 1911, No. 266 : Ministero di Agricoltura, Industria e Commercio. Direzione Generale dell'Agricoltura (*Report and Proposals of the Commission for the Study of Economic Measures for the Benefit of the Tuscan Maremma (Ministerial Decree, October 12th., 1910). Annals of Agriculture*, 1911, No. 266 : Department of Agriculture, Industry and Commerce. *General Management of Agriculture*). Rome. National Press, G. Bertero & Co. 1911.

Among the districts in Italy where the need of reclamation is most serious and most urgent is the Tuscan Maremma. Convinced of this, in 1910, the Government appointed a special commission to examine into the conditions and requirements of agriculture, manufactures, commerce and public works, especially with a view to drainage and road making, in the Maremma and to prepare and propose measures suitable for hastening economic progress there. Recently the General Management of Agriculture published the report of this commission. It gives a short account of the principal questions involved in the reclamation of this district. We think it well to summarise it briefly, as the economic revival of the Tuscan Maremma is a matter rather of National than of Regional importance.

Drainage and Hydraulic Works. — The Report deals first of all with the most serious and complicated side of the Maremma problem, which is without doubt that of drainage works properly so called. Their necessity is seen to be the greater from the malaria still prevalent there and, indeed, more prevalent in recent years : in the chief town, Grosseto, the cases of malaria had increased from about 800 in 1908 to over 1,400 in 1910 ; the figures of the Civic Hospital gave, as compared with 307 cases in 1896 and 168 in 1907, 571 in 1908, 419 in 1909 and 653 in 1910 ; while it is known that, taking the average figures for the whole of Italy, the cases of malaria show a general decrease. Without following the report in its examination of the individual works of drainage, we shall say that it calculates the total expenditure necessary at 50,682,000 frs., distributed over the twenty years 1911-1931. The principal part of this considerable amount would be for the drainage of the Maremma (46,498,000 frs.) ; for the Grosseto district alone 37,517,000 frs.; the rest would be divided among drainage works for the Albarese, Orbetello, Vaca, Collemezzano and the plain of Ghirlanda.

The amount necessary for hydraulic works, for the systematization of mountain basins, the strengthening and protection of villages, would be altogether about 4 millions to be distributed over ten years.

Roads. — But the work of drainage would not be complete if not accompanied by roadmaking. The report observes in this connection that the Maremma is extremely poorly supplied with roads, quite insufficiently for its needs, the rather as most of those that there are are met with in the mountain region and almost always they are inconvenient and ill placed and difficult to maintain. In proof of this it may be said that the province of Grosseto has only 24 kms. of road for every 100 sq. kms. of its area, and that the only provinces with a number as low or inferior are those of Potenza (24 kms.) and Cosenza (20 kms.).

The report shows further that the more recent laws granting State assistance to public works and services have applied little or not at all to the Maremma and after giving a list of the roads to be made and of those to be put in order, so as to remedy this most serious deficiency, anticipates for the first an expenditure of 7,711,000 frs., and for the second 1,730,000 frs., that is, altogether 9,441,000 frs.

Harbour Works. — In view of the importance for the Maremma and for Italy of the harbours of this district and the necessity of adapting them to modern requirements, the Report goes on to show what is most required in each case : and proposes a total expenditure of 8,940,000 frs. for the harbours of S. Stefano, Piombino, Follonica, Port' Ercole, Talamone, Isola del Giglio, Castiglione della Pescara and other smaller harbours.

Inland Navigation. — The advantage of an inland water way, Istia d'Ombrone - Grosseto - Castiglione della Pescara is incontestable. Such a waterway would assure considerable traffic in the chief articles of export from the Grosseto plain (cereals, hay, cork, charcoal), which could not fail to develop appreciably, by facilitating the transport by water of the heavy goods the high railway rates for which render their exportation economically impossible. The expenditure necessary for the complete systematisation of this water way of over 28 kms., added to that required for the canal works for purposes of drainage, would be 440,000 frs.

Railway and Motor Car lines. — The commission, after consideration of the studies made and the opinions of experts, recognises the advantage of the following railway lines : Saline di Volterra - Colle Val d'Elsa - Siena; ampiglia Marittima - Colle Val d'Elsa, Massa - Marittima - Siena; Stazione Monte Antico - Santa Fiora ; Orbetello-Orvieto. These railways would facilitate the working of the mines to the advantage of the neighbouring districts and the national economy and would hinder the serious evil of deforestation which often accompanies mining, on account of the deficiency of easy transport from more distant regions, a large supply of

wood and fuel being necessary for the mines. The Commission further recognises the necessity of about 434 kms. of motor car lines.

Agricultural Improvement. — The Commission has devoted no small part of its attention to studying the conditions of agriculture in the Maremma, convinced that agricultural improvement is a very real present need of the region ; and that, in proportion as the hydraulic works advance and new areas are restored to human activity, the requirements of land improvement will assume an importance perhaps unequalled in Italy.

" The first observation — says the report — it seems well to make is that, in many places and among difficulties by no means light, due to malaria, the system of *latifondi*, and mortgage indebtedness, often very heavy, private initiative has strongly manifested itself with generally happy results ; while up to the present it has received scant support from public bodies. It is only recently that agricultural and co-operative institutions have been able to give technical assistance to agriculture ; Government has given but slight encouragement and assistance and only by fits and starts. Agricultural credit is still difficult and has not been worked systematically. "

The Commission, after showing the present agricultural position of the Maremma with data and statistics of the crops and produce, concludes that two agricultural districts, differing essentially in their conditions, have to be especially considered, for which different measures are necessary. The first is the district of the Upper Maremma, generally, where the land is often little fertile, the population is more or less dense and crowded together in villages, where, therefore, there is a large demand for land and where the ancient feudal obligations still obtain, while the system of partial *métairie* has only made timid and uncertain advance as yet.

The second is, generally, that of the Lower Maremma, except the portion still to be drained ; here the land is fertile, sometimes very fertile, the population is small, but where the hygienic conditions allow, the cultivation of the *latifondi* has been improved, or the *latifondi* have been split up more and more, often offering fine examples of the formation and settlement of farms."

And the Commission, after careful study of the agricultural conditions of the High and Low Maremma, exhorted the Government to establish in the former a system of encouragements for the labourers who propose to establish regular collective farms ; while at the same time encouraging the movement already started in favour of the formation of farms and the installation of partial *métairies* for which, as it seems not very easy, collective farming may prepare suitable conditions, besides making speedy provision against the serious agricultural crisis alluded to.

On the other hand, for the Lower Maremma, in districts where the hydraulic and hygienic conditions are suitable, the Commission proposes

Government encouragements to colonization and agriculture which calls for large investments in land.

The Commission found that the mortgage debt on large estates is considerable also in the Maremma and therefore before provision for Agricultural credit, provision should be made for real land credit, as well as for the encouragement and support of private undertakings.

With regard to agricultural credit, the idea prevailed with the Commission that the Monte dei Paschi di Siena might be placed in a position to work with a special section for agricultural credit, exercising similar functions and enjoying the same facilitations as the Agricultural Credit Section of the Bank of Sicily, founded for the benefit of the island.

Forestry Provisions. — It being premised that there is no question of repeating in a special law for the Maremma the provisions with regard to forestry contained in the general laws, although the conditions of the Mountain region of the Maremma, chiefly in the district of Monte Amiata, have become worse, and deforestation and clearing have produced the usual disastrous consequences, yet some measures are required for completing the provisions of the laws in force and accelerating their execution. It is thought that the region of Monte Amiata and about 6,000 hectares of the adjacent land should be reafforested, at a cost, including that of the works for supporting the soil, of about 1,500,000 frs. Besides, in order to stimulate further the work of private persons for the extension of the cultivation of chestnuts, already so satisfactory, it is proposed to increase the prizes given by the law of June 2nd., 1910 for voluntary reafforestation and reconstitution of ruined forests, raising it to 125 frs. per hectare of chestnut woods planted or reconstituted. It is also proposed to grant a loan on favourable terms for private reafforestation.

Industry and Commerce. — In studying the provisions to be suggested for the increase of manufactures and trade in the Maremma, the Commission first ascertained the actual conditions, from which it appears that the dominant industries are agricultural, or, more accurately, those treating on the spot the produce of the soil, and food stuffs; hardware manufacture, concentrated chiefly at Piombino, is also of special importance; next comes the mining industry, which, however, is not completely developed, either for want of easy roads, or through financial difficulties due to the sometimes hazardous character of the undertaking.

In the opinion of the Commission the various branches of industry in the Maremma should receive different kinds of assistance, with due regard to the origin of the raw materials and to the technical and financial requirements for their strengthening and development. The proposals made by the Commission are as follows:

(a) For the industries in which the produce of the soil is utilised :

1st. Exemption for ten years from payment of customs dues, for building material, machinery, and whatever may be required for the equipment of new industrial establishments or for the completion and extension of those already existing.

2nd. In the case of new workshops, exemption from the tax on land and buildings and the additional charges connected with the same, as well as from income tax, also for ten years.

3rd. For existing workshops, even if they are completed or enlarged, for ten years, assessment based on the average of the last years for income tax, land and buildings.

(b) For mining and manufacturing industries. — 1. Exemption for ten years from payment of customs dues for machinery and building materials, required for the first equipment of industrial establishments, and for those intended for the complete realisation of the technical plan of the already existing establishments.

2. For new workshops, exemption from the tax on land and buildings and the extra taxes in connection therewith, and from income tax for four years.

3. For the existing workshops, even if they are completed or enlarged for four years, assessment based on the average of the last years for income tax, land and buildings.

In addition to the above benefits, exemption is proposed for both classes for ten years from the dues for concession of water from the crown lands, for industrial purposes, as well as exemption for an equal period from the tax on buildings.

The report terminates with notices and proposals relative to agricultural and professional education, public secondary education, telephonic communications, as well as works relating to hygiene, drinking water and building in the principal centres of the Maremma.

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PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

I. — CURRENT QUESTIONS.

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§ 1. *The importance of Fish as an Article of the Diet of the German People.*

At the present moment when the general high price of food, and especially of meat, is a recognised fact, German farmers have been forced to direct their attention to those kinds of produce considered to be poorest naturally. This applies especially to fish. This important branch of production, a large part of which, unfortunately, still evades statistical research, has for some years been exciting continually increasing interest, first of all expressing itself in greater intensity of economic methods and the greater attention received from the State administrations and the public at large. There is above all a general agreement to admit openly that the existing regulation of waters and fishing does not as yet afford modern pisciculture the protection and support it needs.

Although much still remains to be done in this connection, the annual consumption of fish by the population of Germany is, according to the calculations of Koenig and Splittgerber, about 7 kilogrammes per inhabitant. Of course this is only gross weight. The really edible portion of these 7 kilogrammes would scarcely be more than 4 kilogrammes. Of the 7 kilogrammes gross weight consumed, 2.2 kilogrammes would be fresh fish, with only 1 kg. of fresh water fish to about 6 kg. of salt water fish, 4.4 kgs. of which or more than $\frac{2}{3}$ rds. are imported. In the case of fresh water fish, the production far exceeds the consumption, and in that of fresh fish considerably exceeds it. We shall still better understand what importance the use of fish as an article of food may have for German economics and more clearly see what encouragement and protection may be granted to it, when we compare the net figures for the consumption of fish with those for the consumption of meat. For 4 kgs. net of fish consumed per inhabitant per year, there is a consumption of about 30 kgs. of meat produced by agricultural improvement, that is to say that at present every German consumes from 7 to 8 times as much meat as fish.

§ 2. *Agriculture and Fishing.*

As regards river fishing, which, generally, in contrast with sea fishing, is not a special profession, it is estimated by competent authorities that the annual production in Germany amounts to from 25 to 60 million marks. River fishing is generally a profession dependent upon agriculture. It is the farmers in their character of owners of riverbanks who carry it on and have the right to exercise it. In addition most of the still water is

in their hands. Especially is this true of ponds, in Germany 90 % of the owners of ponds are farmers and, to say the truth, it is not to the large landholders that the greater part of the area of these ponds belongs, but to small peasant proprietors.

This great importance of river, lake and pond fishing for agriculture and for alimentation is commonly recognised. It is no longer fishing that must be encouraged but the production of fish. The Government above all and the representatives of the agricultural class take account of these economic interests by granting subventions and encouraging the formation of piscicultural unions. In especial the Prussian Chambers of Agriculture, supported in this by the Prussian Government, have given large sums for the purpose, and, besides attempting to satisfy the needs of fishing, they invite competent members of the fishing co-operative societies to act on their commissions for dealing with economic questions connected with it. We see from their annual reports that in the last three years they have spent the following amounts in satisfying the requirements of pisciculture :

Chambers of Agriculture	1908		1909		1910	
	Total	State Subventions	Total	State Subventions	Total	State Subventions
	Marks	Marks	Marks	Marks	Marks	Marks
East Prussia.	—	—	—	—	—	—
West Prussia	450	—	500	—	700	—
Brandenburg.	6,440	2,800	9,332	800	10,618	4,800
Pomerania.	1,500	—	1,500	—	1,500	—
Posen	5,000	—	5,000	—	5,000	—
Silesia	7,881	2,500	7,735	2,500	7,793	2,500
Saxony	600	—	600	—	600	—
Schleswig-Holstein . .	6,000	—	6,500	—	6,200	—
Hanover	36,371	5,025	63,394	8,300	77,748	8,200
Westphalia	8,751	3,300	8,216	8,300	7,779	3,300
Administrative Dis- trict of Cassel . . .	—	—	—	—	—	—
Id. of Wiesbaden . .	—	—	—	—	—	—
Total . . .	72,993	13,625	102,777	19,900	117,938	18,800

These figures are already very important as they show to what degree fishing has been subventioned by the Chambers of Agriculture, and in addition they are no less significant for the state of fishing in the various provinces. Fishing is carried on in many localities, even in the districts of those Chambers of Agriculture, which show no amounts for the purpose in their reports. That is to say quite simply it is the fishing societies themselves that undertake to meet the requirements of fishing.

§ 3. *Water Rights and Fishing Regulations.*

After the ancient state of things was abandoned, when fish, considered as having no owners, became quite simply the property of the first passer by who caught them, it was soon recognised that it was necessary to regulate by law the right of property in streams, lakes, and pools, as well as the right of fishing. In Germany, these two legal matters which we are about to examine, water rights and fishing rights, as they are called, are not regulated by Imperial Laws but by the laws of the various States, each of which has treated them in an extremely different fashion. Only where several States are bounded or watered by a single stream has a means been found for regulating fishing and pisciculture, in, let us say, an inter-state manner. Such treaties for common regulation have been, for example, concluded between Prussia and the Grand Duchy of Oldenburg, between the Duchies of Brunswick and Anhalt, between Lübeck and Mecklenburg, etc. as well as between the Grand Duchy of Baden and Alsace-Lorraine.

With regard to the special laws of the States of the Confederation, we must add that the prescriptions they contain are no longer sufficient, in view of the present state of the fishing question, that they are not adapted to the agricultural character fishing has assumed to-day, and that they do not sufficiently protect it against the constant increase of industry and river navigation. This has indeed been generally understood in recent years, and on various occasions the new regulations for the two subjects have been united. Unfortunately, the idea of a single imperial system of laws, which is still more to be desired in the case of water rights than in that of fishing, has been abandoned and it has been thought sufficient to make a large number of special laws in the various States of the Confederation. As far as water rights are especially concerned, laws were promulgated in Hesse in 1887, in Alsace-Lorraine, in 1891, in the Grand Duchy of Baden in 1899, in Württemberg in 1900, in Bavaria in 1907 and in Saxony in 1909. In this matter Prussia has been backward, as it has also been in that of fishing rights. New laws on fishing have been recently passed in Bavaria and, in all probability, both Prussia and Saxony will soon follow the example set.

§ 4. *Bavarian Legislation.*

Among the Bavarian laws, those which above all claim our attention are : the fishing law of August 15th., 1908, and the fishing ordinance of March 23rd., 1909, for they were the first on the subject put in force in Germany. In respect to fishing, Bavaria is a rather important country. We find no less than 26,000 pools containing carp and salmon, with a total area of 15,000 hectares. There are besides, exclusive of the Lake of Constance, about 13,000 hectares of lake surface, the annual production of which is from four to five million marks. We must, therefore, expect that this law will excite a quite special interest in the other states of the Confederation. We shall only give here its most important provisions, which were prepared with the greatest care. The law on fishing properly so called deals above all with three principal questions, namely : authorization of fishing in lakes and ponds, the exercise of this fishing right, and the protection of fish, whilst the fishing ordinance deals also with the minimum dimensions of the fish that may be caught, catching of fry, prohibition of certain kinds of fishing and the fishing season for the various kinds of fish. We see by the provisions of the fishing law that the right of fishing belongs to the owner of the water in so far as this is not contrary to special legal conditions, and the water does not evidently belong to the State. We also find that when there are natural or artificial changes in the course of streams, the right of fishing remains none the less with the possessor. The exercise of fishing rights is, in itself, independent of the area of the water containing the fish. Leases will only be allowed for a term of ten years and when the total area of the water containing fish is granted undivided to not more than three tenants at most. The owner of fishing rights is authorized to walk along the banks, and to place engines wherever the property is not enclosed. Finally, he may form public co-operative societies for fishing both in streams and still water. The protection of fishing consists fundamentally in the following provisions : the fisherman is authorized to place engines to obstruct the free passage of the fish ; regulations may be issued at any moment by the administrative authorities ordering that protective apparatus be placed before water mills, etc. ; it is forbidden to empty fish streams arbitrarily and immoderately ; permission is given to catch and kill otters, herons and fishing eagles in streams and on banks to the distance of three metres from the water's edge. Finally, whoever, not having the right to fish, keeps or places fish traps in the neighbourhood of fish streams is liable to the penalties imposed by the law. The law under consideration also provides for the preparation of fishing papers with which the assistants of the possessor of fishing rights should be provided. The provisions of this Bavarian law have not only

produced excellent results by regulating a number of doubtful points and adapting legal regulations to the real economic conditions, they have also served the State Government as a basis on which to establish the organization of fisheries, so that to-day Bavaria may be considered in this respect the model State for Germany.

§ 5. *The Prussian Bills.*

Lately Prussia itself has been actively seeking a solution of the numerous and difficult problems involved in the law regulating fishing and water rights. To tell the truth, for quite twenty years, preparations have been in course for the establishment and improvement of the legislative provisions on the subject, but it is only now we begin to find ourselves confronted with definite results. It appears from the King's speech at the opening of the Landtag that the Prussian Government has decided to present to Parliament in the session now opened as a Government bill the bill on fishing and water rights already before the house. The words of the speech are :

"There will be presented for your consideration a bill to regulate water rights in uniform manner for the territory of the State, in accordance with the present demand for a well ordered system of hydraulic economy. Taking account as far as possible of the law in force in the various regions, it must be made uniform after an equitable manner, with compensation of the many different interests at stake. In the course of the session a special bill will be presented to you for the new regulation of water rights which have many points of contact with fishing rights."

And, first of all, with reference to this new bill on water rights in Prussia, since its first presentation in November, 1893, it has undergone no less than three fundamental alterations. There were quite special difficulties to be overcome, for the law in force on water rights in Prussia dates from the last century and even from the century before the last, so that it is considerably out of date. These difficulties presented themselves with the large increase of the population, the development of agriculture and industry, and with the extension of the means of communication by the use of rivers for transport. The older laws on water rights take no account of these things. It was first of all a branch of modern hydraulic economy which built dams in the valleys, thus forming new sheets of water and exerting an influence upon the affluents and emissaries of lakes. There is often a conflict between the interests of the various parties who desire to utilise the water and often even these interests are mutually exclusive. What the law in force could not do will be done by the new law. Effort will be made to find a just balance between opposing interests and to reg-

ulate the use of waters to the best interest of everybody and of the common good. The new law on water rights is of quite special importance for fishing, for it deals in detail with all questions of ownership and usage in relation to the various classes of waters. For this purpose, waters are divided into two classes: running water and still water, a general term to denote the various areas of water not classed as running water. In the class of running water are included water flowing permanently or temporarily in a natural or artificial bed, the springs situated at high altitudes and the lakes from whence such water comes, as well as the streams descending from them to lower levels. There is natural and artificial running water. Ditches are not considered as running water when they serve for the water system on lands belonging to a single proprietor. A natural stream is considered as running water even after changes made in it by art.

Streams, in their turn, are divided into three classes. In the first are included above all rivers and navigable canals. In the second we find such streams as are registered in one of the registers kept by the Prefect of the Province as natural or artificial streams of great importance for hydraulic economy but all the same not belonging to the first class. The third class includes all other running water, natural or artificial. The proprietor of waters of the first class is generally the State, of the second and third classes the owners of the riverbanks.

As to the bill on fishing which interests us in the highest degree, it must serve to complete the law of May 30th., 1874, at present in force and that of March 30th., 1880, completing the latter. From the time this law was put in force it was violently attacked. The reason was that sufficient attention had not been given to the conditions of fishing in the East of the Monarchy. It had, first of all, the great defect of treating the matter exclusively from the point of view of police measures and ignoring that of political economy. As the discontent excited by this law among specialists continually increased, a special organization was formed among them. Thus, in April, 1891, the Central Association of Prussian Fishermen was founded⁽¹⁾. At the start, it was only founded among the fishermen of Brandenburg and Pomerania, but soon those of other provinces united with them. The association, not losing sight of the object it proposed to itself at the start, has laboured for a "bill to amend the Prussian Fishing Law." This bill was laid before the Landtag by the Government, to serve for future legislation and was lost among the documents of proceedings. The same thing happened in the case of another bill of 186 paragraphs drafted by a Commission of the German Fishing Union, February 21st., 1896. The matter remained there until at the end of 1910 a fishing bill was published, precisely the same as that now before the House. The

(1) *Zentralverein preussischer Berufsfischer.*

exact significance of the new bill consists in that, far from its being a police matter like the law in force up to the present, attempt has rather been made to make it an economic law by means of which the interests of the East and those of the richer Western industrial regions may be balanced.

Then, what is of great importance for fishing, there are provisions in this law settling who has the right to fish in the branches of streams, whether natural or artificial. These provisions lay down that the right of fishing in such branches must always be regulated by the same rule as in the case of the principal stream. Exception is only made for certain rights already existing, thus the rights over mill races, canals serving factories, etc., rights belonging to millers, to factory owners etc., based on a special title or one derived through purchase, shall remain as at present without change.

This law regulates the right over what may be called stray fish, that is to say, who is the owner of the fish that, after an inundation, remain on the inundated property. In the bill the matter is settled as follows : when waters overflow, the owner of fishing rights over the water has also the right to fish on the land inundated. The owner of the land has no right to fish on the inundated land. He may take no measures to prevent the water or the fish retiring, or again to prevent fishing on his inundated property. If, however, after the water has retired to its bed, any fish remain in the ditches not in communication with it, the proprietor may catch the fish remaining in this way on his land." In a proposal of the *Kgl. Preussische Landes-Oekonomie-Kollegium*, it was even desired to limit this right of fishing to unenclosed land, and to specify, after the example of the Bavarian law, that the owner of fishing rights shall have, after the water has retired, a term of one week in which to catch the fish remaining on the inundated property, the owner of the land, once this term expired, having the right to catch the fish.

As to the delicate question of the right of walking along the banks of streams, it is solved as follows in the bill ; " Whoever is authorized to fish may , if there be nothing specified in other laws contrary to this, pass with his assistants along the banks, dams and locks belonging to third parties when he requires to do so for purposes of fishing. In order to pass through buildings, yards or gardens or remain on land entirely enclosed with fences it is necessary to obtain the owner's permission. If the fisherman does any damage in passing over the inundated land or over the land on the banks of streams, he must give compensation.

We shall speak further on of collective and river bank fishing, as regulated in the bill under consideration.

We have still now to mention the question of the presence of ducks along fish streams. Although this question is not touched on in the Bavarian Law, it is, however, important as the rearing of ducks generally

excludes scientific pisciculture. In the Prussian Bill it is provided as follows: "Ducks are forbidden on unenclosed waters without the express authorization of those who have a right to fish there. If the possessor of fishing rights has not given this authorization, he may take possession of or kill the ducks, but not shoot them unless he has a license to shoot."

§ 6. *The Saxon Bill.*

As we learn from the "*Deutsche Tageszeitung*," a preparatory proposal for a bill on fishing has been laid before the Upper House of the Saxon Parliament. The fundamental idea of the new bill is, while limiting or abolishing the fishing rights possessed by individuals, to form fisheries of an area that may be managed on scientific principles. Further, in the bill, the need felt for a State organization is also taken into account. The principle is introduced that association alone will hinder the right of fishing in small sections of streams from passing into the hands of individuals. It is laid down that fishing papers valid for a year or more shall be issued, and that in order to be authorized to fish in water owned by some one else, a person must be in possession of a permit in writing. As to the important matter of the right of river fishing, since up to the present there are only provisions of doubtful interpretation conferring this right on the State in case of navigable rivers and assigning it to the hereditary owners of riverbeds, instead of these ill defined legislative provisions, the bill confers very definite rights both on the owners of riverbeds and on the State. Further, only those fishing rights are recognized which, before the coming into force of the new law, were legitimate as private rights or as Government concessions. Their legitimacy will be examined according to a special procedure and when proved will be registered, if the case requires it, in the land register.

§ 7. *The New Law and Co-operation in Fishing.*

A tendency has long been evinced among fishermen to associate and unite. First of all, up to now, it has been realized in the formation of numerous associations; these united in regional unions, and then altogether formed a central union, the German Fishing Association. Already many years ago a special section for coast and deep sea fishing seceded to form

an independent German Sea Fishing Association. The German Fishing Association receives an annual subvention of 80,000 marks from the Empire. Its object is to devote all its care and all its energies to fishing within the Empire. And for the purpose it is sparing of neither its advice nor its assistance ; it publishes a special paper ; invites the public to large conferences and meetings held on certain fixed days (1) ; it organizes shows and encourages the breeding of fish. By the side of this central association, the local societies acquire constantly increasing importance and the former interest in fishing rather as a sport is now being substituted more and more by the idea of profit. From a purely economic point of view their action is however still rather limited ; it is generally confined to procuring fry for each other when the opportunity occurs.

This economic action used to be rather confined to trade guilds and fishing co-operative societies. The former, some of which, like those of Wurzburg and Bamberg, are from 300 to 1,000 years old, were still based quite simply upon the principles of the medieval trade guilds. There were also indeed, and in large number, modern co-operative societies for fishing in streams and pools, but, in reality, they all lacked the legal basis for success. There was a special obstacle to co-operative fishing in large fish streams, namely, that collective fishing carried on by a large number of persons in the same streams at the same time only gave further encouragement to poaching.

The new legislation is intended to put a limit to so much confusion. Therefore, on the one hand, it has refused, as we have seen, for example, in the Saxon law, to allow those who had fishing rights over too small a section of a stream to exercise their rights ; on the other hand, and the Bavarian law offers in this respect the true model, it confers on the co-operative fishing societies, whether voluntary or compulsory, the status of corporations in common law.

Article 37 of the Bavarian fishing law distinguishes two kinds of public co-operative fishing societies.

1. Co-operative societies exercising a well-regulated supervision and engaged in collective action for the protection and development of fish.

2. Co-operative societies for the collective administration and use of fish streams.

Those of the first class, which bear the name of *Hegegenossenschaften*, (water-bailiff societies), have above all for their object the stocking of suitable streams with fry, and the preparation of convenient quarters for the fish in spawning season and in their hibernation, and also the exer-

(1) *Fischereitage*.

cise of supervision. In this first class the union of the fishermen should not be too close and it is just for this reason that this form of society is already widely-spread and associations of this character extend their action over rather large areas. It has acquired special importance in the streams frequented by migratory fish. In Bavaria, there are such water bailiff societies supervising all the large rivers and their affluents, as the Danube, Main, Rhine, Isar, Salzach, Ill, Altmühl, Rott, Paar, Schmutter, Wertach, or being formed for the purpose. Their supervision already extends to many kilometres of these streams.

More serious difficulties oppose the work of the associations of the second class, called *Nutzungsgenossenschaften* (Associations for the Exploitation of streams). They have their *raison-d'être* above all where there are collective fishing rights or pond fishing. As these co-operative societies require a rather close union of their members, their action is now, above all in Bavaria, extremely limited. They have found it easiest to develop among the pond fisheries, for the owners of pools had experienced difficulties in regard to the supply of material, the sale of the carp and tench caught in autumn, and also in regard to the stocking of winter pools.

As we have already indicated, the Bavarian law makes a distinction between voluntary and compulsory co-operative societies in common law. From this we may expect that the improvement of the legal form of the latter will have a great influence on the development of piscicultural co-operation. Their formation can, however, only be made compulsory when the existence of such a co-operative society will promote the breeding and improvement of the fish and when it is incontestably proved that it offers considerable economic advantages. Those who, in possession of fishing rights, are against the formation of a society of this character, may be compelled to join it, when the society can only work in a really suitable manner with their help. For the formation of a society of this type at least three persons are required. All those who enjoy fishing rights or concessions entitling them to fish in the territory over which the action of the society extends may be members of it. This society has itself rights and obligations: it may possess property and sue at law. The legal position of the society is regulated by the fishing law and its own rules. These latter must in the last resort be approved by the Government. The Society is represented by a Committee of Management. This committee must prepare a cadastral survey of the waters fishing in the territory over which the action of the society extends. The fishing societies are under State supervision.

The experiments made in Bavaria with regard to the foundation and organization of co-operative fishing societies, since the promulgation

of the law, have been quite satisfactory. It is clear that the Prussian, Saxon and Württemberg bills resemble the Bavarian law in many ways, or at least the principal points are regulated in them in a similar manner.

It is indisputable that, with the extension of co-operative exploitation, the fishing and various agricultural circles interested will find the production of fish increase and improve, and this will be essentially an advantage for the diet of the population. From the point of view of co-operation and political economy, these fishing bills are a great gain and a progress on which there is reason to congratulate the German States.

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CO-OPERATION AND ASSOCIATION

BRITISH INDIA.

CURRENT QUESTIONS.

Co-operative Agricultural Credit in India in 1909-10 and 1910-11.

Sources (official):

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Introduction.

The Co-operative Credit Movement in India, which was initiated by the Government in 1904 by way of experiment, has quickly passed beyond the experimental stage and is already beginning to play an important part in the agricultural economy of the country.

The progress made up to July 1909, which was described in the issue of December 1910 of the *Bulletin of Economic and Social Intelligence* was fully maintained in the two succeeding years. The rapidity with which the movement is advancing may be judged from the fact that whereas in March 1905 there were only 35 "rural" societies and 6 "urban" societies in July 1911 there were 4,957 "rural" societies, 415 "urban" societies and 60 "central" societies.

The total membership of these societies was 314,101 and though this is but a small percentage of the immense population of India, it is a sufficiently remarkable that in seven years so large a number of the inhabitants should have been induced to become members of co-operative societies. The initiative, it is true, has come from the Government; the Registrars of Co-operative Credit Societies are Government officials charged with the duty of organising and supervising co-operative societies, as well as of registering them when formed. Beyond the fact, however, that the Government is prepared to advance a limited amount of money to credit societies — a privilege of which, as we shall see, the societies are taking but little advantage — no special inducements are offered for the formation of such societies.

It may be taken, therefore, that the introduction of co-operative credit has met a real need on the part of the Indian peasantry and that they adopt it readily because they see in it a means of bettering their economic condition. Hitherto that condition has been far from satisfactory; indebtedness to money-lenders, who have demanded exorbitant rates of interest, has been prevalent and cultivation has been hindered by want of adequate capital. The beneficial results of the Co-operative movement in remedying these evils is already appreciable and if its progress continues to be as rapid in the future as it has been in the past, it will go far towards bringing a greater measure of prosperity to the Indian people.

The distinction between "rural" and "urban" societies laid down by the Co-operative Credit Societies Act, 1904, was abandoned in favour of the distinction between societies with limited and unlimited liability in an Amending Act, passed in March, 1912, to which we shall revert in a subsequent issue of the Bulletin. The old distinction was, however, still in

force in the period we propose to review. By "central" societies is understood societies which advance money to other societies but not to individuals. In addition to these "central" societies there were, in certain provinces, societies known as "district banks", which lend chiefly to other societies, but make loans also to individual numbers. Further there are a few "unions" or federations of societies, formed for the purpose of supervising the working of local societies and for mutual assistance of other kinds.

In the first chapter of the present article we shall deal with the "rural societies" and in the second with "central societies", "district banks" and "unions".

CHAPTER I.

Rural Societies.

In describing the development and working of the rural societies in 1909-10 and 1910-11, it will be convenient to give first some general figures indicating the progress made, and then to deal in greater detail with the sources of capital and the character of the loans granted.

§ 1. *General Progress.*

The general progress of the rural societies in India as a whole may be seen from the following table, which contains the most important statistics for the four years 1907-08 to 1910-11 :

TABLE I. — *Progress of Rural Societies, 1907-08 to 1910-11.*

	July 1st. 1908	July 1st. 1909	July 1st. 1910	July 1st. 1911
Number of Societies	1,219	1,761	3,145	4,957
Membership :				
aggregate	93,972	1,16,907	1,65,592	2,38,978
average	77	66	53	48
Working capital :	Rupees (r)	Rupees	Rupees	Rupees
aggregate	22,39,123	40,71,868	66,54,035	1,10,18,863
average	1,837	2,312	2,116	2,223
Loans outstanding :				
aggregate	20,14,406	3,669,533	61,61,971	1,03,89,674
average	1,652	2,082	1,959	2,096
	1907-08	1908-09	1909-10	1910-11
Loans granted :	Rupees	Rupees	Rupees	Rupees
aggregate	22,08,843	37,71,942	56,36,064	94,26,911
average	1,812	2,142	1,792	1,902

The year 1908-09, as we noted in our previous study (2), was a period of consolidation rather than of energetic propaganda, but after this period had been passed through, the formation of societies became again exceedingly rapid, no less than 1,384 being formed in 1909-10 and 1,812 in 1911-12. The membership and amount of loans granted have not increased quite in the same proportion, but this is probably accounted for by the number of young societies which figure in the returns for 1909-10 and 1910-11.

The following table contains the same particulars (but with aggregate figures only) for each province for the years 1909-10 and 1910-11 (3) :

(1) A rupee is equal to 1s. 4d. or 1 fr. 68. The figures are divided so as to indicate the number of lakhs, a lakh being 100,000 rupees.

(2) *Bulletin of Econ. and Soc. Int.*, December 1910, page 133.

(3) For the corresponding figures for 1907-08 and 1908-09, see *Bull. of Econ. and Soc. Int.*, December 1910, pages 134 and 140.

TABLE II. — *Rural Societies.*
Number, Membership, Working Capital, Loans Granted, Loans Outstanding.

Province	Number of Societies		Number of Members		Working Capital		Loans Granted		Loans Outstanding	
	July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911	1909-1910	1910-1911	July 1st. 1910	July 1st. 1911
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras	346	560	22,301	34,086	15,61,805	23,94,169	12,61,208	16,21,409	15,30,975	23,40,439
Bombay	153	187	10,007	13,197	4,19,173	5,52,628	2,40,654	4,86,980	3,67,306	5,01,804
Bengal	460	654	19,169	30,180	4,40,601	6,78,517	2,58,452	4,14,743	3,87,734	5,77,818
United Provinces .	691	1,108	47,778	59,639	13,53,415	19,44,695	15,74,272	21,20,968	11,10,061	16,65,271
Punjab	693	1,074	37,410	59,529	15,27,802	29,38,929	14,68,775	25,76,849	15,02,909	29,47,736
Burma	252	450	6,128	11,340	5,85,800	12,76,558	4,16,625	13,85,899	5,75,419	12,38,597
Eastern Bengal and Assam	330	501	12,925	18,304	5,41,598	7,94,094	2,72,659	4,23,321	5,02,538	7,54,397
Central Provinces and Berar	139	280	4,859	7,203	1,40,535	2,48,030	68,894	1,90,425	1,17,668	2,01,620
Coorg	18	22	1,735	1,996	50,910	64,103	40,190	51,667	41,261	52,093
Ajmer	24	58	524	1,304	9,214	61,184	8,949	77,088	8,958	60,642
Mysore	39	63	2,756	2,200	23,180	65,892	25,381	78,558	17,140	49,144
Total	3,145	4,957	1,65,592	2,38,978	66,54,035	1,10,18,863	56,36,064	94,26,911	61,61,972	1,03,89,674

Rapid as the progress has been, some of the Registrars feel called upon to apologise for the fact that societies are not formed even more quickly. Thus the Registrar for *Madras* in his 1910-11 Report, states that villages which are so heavily involved in debt that no bank can lend them money to redeem their lands are unfortunately numerous and that elsewhere, after payment of assessment and interest to the money lender, the ryots still have an ample margin of subsistence and do not feel any pressing need to form co-operative credit societies.

The Registrar for *Bombay* declared in regard both to 1909-10 and 1910-11 that the progress was rather educational than of a kind to be indicated by statistics, but he looked forward to more rapid progress. "We shall go faster now," he wrote in his 1910-11 Report.

In 1909-10 the Registrar for *Bengal* aimed rather at consolidation than the formation of new societies, but in 1910-11 he was able to point to a net increase in the number of rural societies exactly twice the net increase in the previous working year.

The Registrar for *Burma* explained the comparatively smallness of the increase in the number of societies in 1909-10 by his own absence from duty for more than a month and the fact that a Joint Registrar who had been appointed was new to the work and "was loth to step out till he had reconnoitred the road." In 1910-11 he had a much larger increase to record.

In the *Central Provinces* the Registrar was on leave during 1910-11 and the officer who took charge in his absence was unwilling to start new projects, the responsibility for which he would soon have to shift to other shoulders.

The Registrar for the *Punjab* attributes the fact that the increase in 1910-11 was slightly less than the increase in 1909-10 to the difficulty found in financing infant societies in places where no local financing agency existed.

We now give the aggregate statements of accounts and the aggregate balance-sheets of the rural societies in the whole of India for the years 1909-10 and 1910-11 (1).

(1) The corresponding figures for 1907-08 and 1908-09 will be found on pages 132, 138 and 139 of the *Bull. of Econ. and Soc. Int.* of December 1910.

TABLE III. — *Rural Societies - Aggregate Receipts and Disbursements 1909-1910 and 1910-1911.*

	1909-1910 — Rs.	1910-1911 — Rs.
<i>Receipts :</i>		
Share payments	4,19,669	6,14,331
Entrance fees.	33,350	37,585
Deposits by members	5,96,889	9,90,770
Loans from other sources:		
Government	1,14,963	72,850
Other societies	25,16,623	42,11,935
Non-members	5,91,124	9,77,519
Loans repaid by members	30,25,998	50,18,462
Loans repaid by other societies.	47,697	1,21,874
Interest received	4,87,010	8,20,638
Sale proceeds of stock.	26,030	45,851
Other income.	26,696	50,567
 Total income of year	 78,86,053	 1,29,62,385
Opening balance	3,25,243	4,72,628
	82,11,296	1,34,35,014
<i>Disbursements :</i>		
Share capital withdrawn.	42,690	56,775
Deposits withdrawn.	1,83,017	3,92,239
Loans repaid to:		
Government	56,076	58,470
Other societies	11,01,603	16,81,683
Non-members	2,22,364	3,35,375
Loans to members	54,34,457	90,59,197
Loans to other societies.	2,01,606	3,67,713
Interest paid on loans and deposits.	2,71,688	4,80,321
Dividend and bonus paid	9,482	31,871
Stock bought.	62,116	56,759
Establishment and contingencies	40,383	62,993
Other items	38,663	88,991
Carried to reserve.	50,616	64,951
 Total expenditure.	 77,14,776	 1,27,37,345
Closing balance.	4,96,530	6,97,669
	82,11,296	1,34,35,014

TABLE IV. — *Rural Societies - Aggregate Profit and Loss Account 1909-1910 and 1910-1911.*

	1909-1910	1910-1911
<i>Profit:</i>		
Interest earned	6,09,814	9,92,968
Gross profit on sale of stock	2,931	4,637
Other items	47,791	64,831
Total	6,60,536	10,62,437
<i>Loss:</i>		
Interest paid and due	3,28,849	5,61,787
Establishment and contingent charges paid and due	41,998	64,212
Debts written off	514	91
Depreciation of stock	368	226
Other items	14,437	25,319
Total	3,86,168	6,51,637
Net profit	2,74,368	+ 4,10,800
	6,60,536	10,62,437

TABLE V. — *Rural Societies - Aggregate Balance Sheets June 30th., 1910 and June 30th., 1911.*

	June 30th., 1910 Rs.	June 30th., 1911 Rs.
<i>Assets:</i>		
Cash in hand and bank	4,94,087	7,02,348
Value of investments	82,071	1,71,581
Loans due by other members	59,91,865	99,72,939
" " " " societies	1,70,106	4,16,735
Interest due by members and by other societies .	2,56,256	4,24,855
Value of stock in hand	53,240	73,140
Other items	21,166	11,815
Total assets . . .	70,68,795	1,17,73,415

	June 30th., 1910 — Rs.	June 30th., 1911 — Rs.
<i>Liabilities:</i>		
Loans from non-members	10,82,697	15,05,688
„ „ other societies.	27,87,798	55,09,472
Interest due on loans from non-members and from other societies	80,820	1,41,699
Loans from Government.	5,96,194	6,00,851
Interest due to Government.	11,879	12,240
Total loans and interest due . . .	45,59,390	77,69,952
Share capital.	9,23,677	14,57,595
Deposits by members	9,77,236	15,65,403
Interest due on members' deposits	30,847	46,917
Dividends due to members	1,849	4,382
Total due to members	19,33,611	30,74,297
Establishment and contingent charges	4,197	6,342
Other items	5,080	23,303
Reserve fund.	2,02,403*	3,42,464*
Total liabilities.	67,04,682*	1,12,16,358*
Balance: Profit.	3,64,113	5,57,057
	70,68,795	1,17,73,415

* These figures differ slightly from the official figures, which do not correctly balance. The error seems to have arisen from the fact that in the detailed figures for the Province of Coorg, the amount of the "reserve fund" includes the profit for 1909-10 and 1910-11 respectively, and these amounts being also set out as "profit" are counted twice.

§ 2. Sources of Capital.

We now proceed to examine the different sources from which the rural societies obtained their working capital.

(a) General Figures

The following table shows for each province the sources of capital as at July 1st., 1910 and July 1st., 1911 : (1)

(1) The corresponding figures for 1908 and 1909 will be found in the *Bull. of Ec. and Soc. Ind.* of December, 1910, pages 152, 153.

TABLE VI. — *Rural Societies*

PROVINCE	Loans from non-members		Loans from other Societies	
	July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911
	Rs.	Rr.	Rs.	Rs.
Madras	99,797	1,82,702	11,95,375	18,64,314
Bombay	19,766	30,588	45,655	77,608
Bengal	2,19,107	2,76,779	81,108	1,60,483
United Provinces	1,53,706	1,76,095	8,35,588	12,86,810
Punjab	1,61,468	4,19,717	3,79,843	9,25,849
Burma	3,91,970	3,08,810	25,620	6,73,584
Eastern Bengal and Assam	25,915	68,500	1,51,306	2,91,029
Central Provinces and Berar	9,970	41,524	67,091	1,53,100
Coorg	—	—	9	—
Ajmer	900	900	6,201	51,086
Mysore	94	69	—	25,605
India	10,82,697	15,05,688	27,87,798	55,09,472

It will be interesting to make a comparison for four years of the percentages of the total capital represented by each of the various sources :

TABLE VII. — *Rural Societies: Sources of capital (Percentages).*

Sources of capital	Percentages of Total Capital			
	July 1st., 1908	July 1st., 1909	July 1st., 1910	July 1st., 1911
Loans from non-members	16.8	18.0	16.5	13.7
Loans from other societies	24.9	35.8	42.4	50.2
Loans from Government	19.5	13.7	9.1	5.5
Share capital	17.8	14.1	14.1	13.3
Deposits by members	18.3	15.4	14.9	14.2
Reserve fund	2.3	2.6	3.0	3.1

sources of Capital (Amount).

Loans from Government		Share Capital		Deposits by Members		Reserve fund	
July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911	July 1st. 1910	July 1st. 1911
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
45,350	40,545	1,47,109	1,88,100	74,172	1,18,505	9	336
1,29,117	1,64,318	820	800	1,90,417	2,51,358	23,175	35,149
41,031	47,115	2,649	10,053	64,349	1,16,275	32,915	56,207
44,885	31,905	44,711	1,00,491	1,29,386	1,49,483	71,414	1,03,741
90,519	76,934	5,72,005	8,94,064	3,61,262	6,94,581	5,195	17,519
17,829	15,487	79,364	1,67,018	15,974	34,813	25,828	36,545
2,16,619	2,15,061	1,515	11,524	1,13,820	1,55,329	32,422	72,478
5,035	4,050	30,795	26,315	12,760	22,405	5,854	12,355
4,857	4,866	21,889	26,361	14,670	20,433	5,436	7,122
—	—	1,729	8,919	383	109	—	—
950	566	21,089	23,946	39	2,107	150	1,105
5,96,194	6,00,851	9,23,677	14,57,595	9,77,236	15,65,403	2,02,403	3,42,464

(b) Loans from Government.

The Government loans are principally made under a Resolution of the Government of India dated April 29th., 1904, authorizing advances to societies to an amount equal to that which they have received in the form of deposits from members, but advances are also made under the Agriculturists' Loans Act, and in other ways.

The percentage of capital derived from the Government has shown a steady diminution from year to year, indicating that the societies have increasingly won the confidence of their members and of the investing public and that they are becoming less and less dependent upon State-aid in finding their working capital.

Many of the Registrars' Reports comment upon the diminishing dependence of the Societies upon the Government. Thus in his 1909-10 Report, the Registrar for *Madras* wrote : " Except for a small grant from the State

— only Rs. 45,350 were outstanding on the 1st. July last—and a grant of Rs. 5,000 from Sir D. M. Hamilton, we have no philanthropic money. We do not want the State or any philanthropists to help us with cheap money. ”

In *Bengal* the loans from Government were only 6.93 per cent. of the total working capital in 1910-11 as compared with 9.37 per cent. in 1909-10. The Registrar explained that this was due to the fact that he had ceased to grant loans against equivalent deposits except in special cases. Such loans, he wrote, “undoubtedly serve a useful purpose, for they do encourage members to deposit and assist young societies to become established. I shall continue to draw on this source for new areas. On the other hand the privilege is not one to be granted as a matter of course. The loans do tend to obscure the true meaning of deposits. Societies in well established areas ought not to require this inducement. I have already withdrawn the privilege from Midnapore and in time it will be possible to withdraw it altogether.”

In the *United Provinces* the Government loans had fallen in 1910-11 to 1.34 per cent. of the total working capital.

The Registrar for the *Punjab* stated in his 1910-11 Report that no government loans had been issued during the year 1910-11, the policy of granting such loans having been discontinued as far as rural societies were concerned.

In his Report for 1909-10, the Registrar for *Burma* wrote : “ It is improbable that further money need be taken from Government under the 1904 Resolution. The grant of agricultural advances is justified to meet special calamities or, as in the case of the Mandalay Canal and other pioneer new cultivation tracts, to tide cultivators over their first few critical years when as new settlers they have as yet no adequate security with which to approach the public. ”

In *Eastern Bengal and Assam* the proportion of loans from Government was high compared with what it was in other Provinces, but it fell from 40 per cent. in 1909-10 to 26.4 per cent. in 1910-11.

The Registrar for the *Central Provinces* wrote in his 1910-11 Report : “ No Government loan was made to any society in the Provinces during the year. The policy of giving Government financial aid is now definitely discouraged and the total Government grant outstanding at the close of the year was only Rs. 6,050. ”

(c) *Loans from other Societies and from Non-members.*

The “ other societies ” which figure as a source of working capital are, for the most part, the “ central societies, ” and “ district banks. ” With these two classes of society and their working we shall deal in the Second

Chapter of this article. It may here be noted, however, that they form a steadily increasing source of capital. As will be seen from Table VII, the percentage of capital drawn from "other societies" increased from 24.9 on July 1st., 1908 to 50.2 on July 1st., 1911.

The proportion of loans from non-members to the total working capital has shown a tendency to decrease, but this is doubtless due to the fact that the investing public now lends to the central societies rather than directly to the local societies. From Table VI, however, it will be seen that the actual increase in the amount of capital obtained from non-members has been substantial.

(d) *Share capital, deposits, reserve funds.*

Although the amounts of share-capital and of members deposits have increased considerably, the proportion which they represent of the total working capital has diminished.

These two items being almost indistinguishable as a source of capital (since both are derived from the members themselves and it is of little moment whether their money is entrusted to the society in the form of shares or of deposits) it will be interesting to see how the average per society of the share capital and deposits taken together has varied between 1908 and 1911. The averages are as follows :

July 1st., 1908, Rs. 644 ;	July 1st., 1909, Rs. 662
July 1st., 1908, Rs. 604 ;	July 1st., 1911, Rs. 609.

The rates of interest on deposits prevailing in the various provinces in 1909-10 were stated to be as follows: Madras, 5 to 7 $\frac{1}{2}$ %; Bombay, 6 $\frac{1}{4}$ %; Central Provinces and Berar, 7 %; Bengal, 8 %; Eastern Bengal and Assam, 6 $\frac{1}{4}$ %; Punjab, 5 %; United Provinces, 6 to 7 $\frac{1}{2}$ %; Burma, 9 %.

The reserve funds have increased both absolutely and relatively to the total capital. The average per society has also shown a steady increase, having risen from Rs. 41 on July 1st. 1908, to Rs. 59 on July 1st., 1909; Rs. 64 on July 1st., 1910, and Rs. 69 on July 1st., 1911.

§ 3. *The Loans Granted.*

We have already given, in Table II, the amounts of loans granted in 1909-10 and 1910-11 and the amounts of loans outstanding on July 1st., 1910 and July 1st., 1911. We have now to discuss the size and duration of the loans, the rates of interest charged, and the purposes for which loans were granted.

(a) *Size and duration of loans.*

No general figures can be given regarding the size and duration of loans, but a few particulars relating to certain Provinces can be obtained from the Registrars' Reports.

Thus, in the Report of the Registrar for *Madras* for the year 1910-11, we find the following comparison between the size of loans granted in that year and in the two previous years :

	1910-11		1908-10 (two years)	
	Amount	Percentage	Amount	Percentage
	Rs.		Rs.	
Loans not exceeding Rs. 50 . .	3,92,153	24.6	3,96,000	20.4
Loans exceeding Rs. 50, but not Rs. 100	4,30,477	27.0	5,17,085	26.6
Loans exceeding Rs. 100, but not Rs. 250	4,62,020	28.9	6,15,829	31.7
Loans exceeding Rs. 250	3,12,014	19.5	4,11,322	21.2

In *Bengal* the average amount of the loans granted was Rs. 24 in 1909-10 and Rs. 27 in 1910-11.

In *Burma* the average loan was Rs. 111 in 1910-11.

The average loan in *Eastern Bengal and Assam* was Rs. 35 ½ in 1909-10 and Rs. 38 in 1910-11.

In regard to the duration of loans the Registrar for *Madras* made a comparison similar to that which he made regarding the size of loans. The following figures are taken from his Report from 1910-11 :

	1910-11		1908-10 (two years)	
	Amount	Percentage	Amount	Percentage
	Rs.		Rs.	
Loans not exceeding one year. .	15,84,675	99.2	18,96,154	97.7
Loans exceeding one year but not two years	6,350	0.4	34,550	1.8
Loans exceeding two years . . .	5,640	0.3	9,532	0.5

In his previous Report, the Registrar for *Madras* pointed out that this classification lost much of its significance from the fact that the loans nominally issued for periods below one year were not all recovered on the expiry of the period stipulated. If the borrowing member continued to be of good character and paid the interest on the loan and a part of the principal he was usually given an extension of time.

In *Bengal* the repayment of loans by instalments would seem to be largely in vogue, and in his Reports for 1909-10 and 1910-11 the Registrar comments upon the increasing intelligence shown by the societies in fixing the terms of repayment in relation to the objects of the loans.

In *Eastern Bengal and Assam* the loans are issued usually for one agricultural season (that is, until the next harvest). The Registrar gives the following figures in his Reports for 1909-10 and 1910-11:

	1909-10		1910-11	
	Number	Total amount	Number	Total amount
		Rs.		Rs.
Loans not exceeding six months	2,021	52,309	2,394	65,984
Loans exceeding six months and not exceeding one year. . . .	4,626	1,53,430	5,272	1,82,559
Loans exceeding one year. . . .	911	62,211	3,368	1,73,631

(b) *Rates of Interest on loans.*

Speaking generally the rates of interest charged on loans remain much the same as they were in 1908-09. An approximate statement of the rates of interest on loans in that year was given in the issue of December, 1910, of the *Bulletin of Economic and Social Intelligence* (page 147). The rates then recorded were lowest in *Madras* ($6\frac{3}{4}$ to $12\frac{1}{2}$ %) and highest in *Bengal* ($15\frac{3}{4}$ to $18\frac{3}{4}$ %) and indicated a rather remarkable want of fluidity in capital in India. It is possible that the rapid development of central banks which is taking place may to some extent render capital more fluid in so far as relates to co-operative societies and may bring about a greater uniformity in the rates of interest charged on loans, but as yet this process has not advanced very far.

In his Report for 1909-10, the Registrar for the *United Provinces* wrote: "The original societies in these provinces lent to their members sometimes at 9 per cent. and sometimes at 12 per cent. The former rate gradually disappeared as the fact came to be recognised that the movement could

not expand far while it depended on funds provided from philanthropic motives, and that the rate offered by the societies must be such as to attract capital from the general public. After making provision for idle money, for inspection and for reserve fund, the district banks found that they must charge the societies a rate of 10 to 12 per cent., generally the latter. As the societies have almost always to pay their accountant or secretary and require some margin for the purpose, they cannot in that case afford to advance to their members at a rate less than 15 or 15 $\frac{3}{8}$ per cent. and the former of these rates, which works out to one anna (1) per Rs. 5 per month, has generally been adopted in those districts where the rural societies are financed by central or district banks."

From *Bengal* comes a similar statement. "As a rule," wrote the Registrar in his 1909-10 Report, "the Unions are able to raise money at 8 per cent., and the affiliated societies are charged for 10 to 12 $\frac{1}{2}$ per cent. They in turn lend out at 15 $\frac{3}{8}$ to 18 $\frac{3}{4}$ per cent. In Midnapore and Birbhum the societies are able to raise money at 6 $\frac{1}{4}$ per cent., and they lend out at 12 $\frac{1}{2}$ per cent. to their members. The Midnapore Union lends to societies at 9 $\frac{3}{8}$ per cent. It is therefore the interest of societies to raise as much of their capital as possible in members' deposits, and they borrow from the Union only when they are in want and they cannot raise money in deposits."

An exceptionally high rate of interest prevailed in the Pakōkku District of *Burma* where according to the Registrar's Report for 1909-10, the societies borrowed at 15 per cent. from the Pakōkku Central Bank and lent to members at 21 per cent. In July 1910, however, the rate of interest charged by the Pakōkku Central Bank was reduced to 9 per cent. Elsewhere in *Burma* the rural societies borrowed at 9 per cent. and charged members 15 per cent on loans.

A similar difference in the rate of interest charged in different parts of the same Province was noted in *Eastern Bengal and Assam* where, the Registrar informed us in his 1909-10 Report, the usual rate was 18 $\frac{3}{4}$ per cent., but in the Assam Valley and Surma Valley Divisions, where capital was obtained locally at cheaper rates, only 12 $\frac{1}{2}$ per cent. was charged.

High as the rates of interest may seem to be they are considerably less than the exorbitant rates charged by money-lenders. The Reports contain many illustrations of the effect of the formation of co-operative societies in compelling usurers to reduce their rates of interest or even to cease from carrying on business in the locality. The benefits conferred upon the Indian peasantry by the introduction of co-operative credit are not, therefore, confined to the direct benefits derived by the members from the loans which they have received.

(1) An *anna* = $\frac{1}{16}$ th. of a rupee.

(c) *Purposes of Loans.*

Amongst the most interesting of the particulars given by the Registrars in their admirable Reports are those which relate to the purposes for which loans are granted.

The Registrar for *Madras* has given in his Report for 1910-11 a comparative statement of the purposes for which loans were granted in 1910-11 and in the two years 1908-9 and 1909-10.

	1910-11		1908-10 (two years)	
	Amount	Percentage	Amount	Percentage
	Ra.		Ra.	
For cultivation expenses	1,07,616	6.7	1,90,028	9.8
» purchase of cattle	2,22,910	14.0	2,45,954	12.7
» payment of sircar kist	77,453	4.8	1,07,908	5.6
» improvement of land	54,555	3.4	99,039	5.2
» purchase of raw materials for industries	7,248	0.5	8,371	0.4
» trade	1,55,165	9.7	2,38,555	12.3
» house-building	81,874	5.1	78,001	4.0
» purchase of land	59,071	3.7	72,832	3.8
» food and necessities of life	74,596	4.7	92,214	4.8
Total Productive	8,40,490	52.6	11,32,952	58.4
For paying off prior debts	7,27,417	45.6	7,76,180	40.0
For marriages	25,903	1.6	28,454	1.5
» other ceremonies	1,782	0.1	2,370	0.1
» litigation	103	0.0	250	0.0
» other non-productive purposes . .	965	0.1	70	0.0
Total Non-productive	28,759	1.8	31,144	1.6

In his 1909-10 Report the Registrar for *Madras* remarked upon a greater realisation of the responsibility to watch the application of the

loans to the declared purpose, and stated that 9 members had been expelled for misapplication.

The following figures relate to the Province of *Bengal* and are taken from the Registrars' Reports for 1909-10 and 1910-11 :

Purposes	1909-1910		1910-1911	
	Amount	Percentage	Amount	Percentage
	Rs.		Rs.	
Cultivation expenses	73,334	28.44	69,579	17.08
Purchase of cattle, etc	30,140	11.69	41,100	10.04
Payment of rent	15,344	5.95	39,326	9.61
Improvement of land	2,183	0.84	3,630	0.88
Trade	11,602	4.50	33,454	8.17
House repairs	5,192	2.01	7,545	1.84
Purchase of land	5,807	2.25	11,736	2.87
Maintenance	12,397	4.80	24,331	5.91
Payment of debts	84,207	32.66	1,45,636	35.60
Redemption of land	2,230	0.86	—	—
Marriage expenses	5,811	2.21	14,649	3.58
Other ceremonies	1,818	0.78	4,010	0.98
Litigation	671	0.26	1,955	0.47
Raw materials	3,578	1.38	2,122	0.51
Other purposes	3,481	1.35	9,941	2.45

Commenting upon the figures for 1909-10, the Registrar for *Bengal* wrote :

" Our societies do not make any distinction between productive and non-productive expenditure, the distinction observed being between unnecessary and necessary expenditure. Loans for marriage, *sraddh* and even pilgrimage to holy places are allowed. If loans for such purposes were refused, the members would be compelled to raise money from *mahajans* at an exorbitant rate, and they would be left without any wholesome check on their expenditure. In the course of my inspections, I have come across a large number of cases in which the *punchayets* have cut down the amounts applied for to meet such expenses. It is usually the dread of village

opinion which compels a villager to spend large sums of money on these social ceremonies. It is the same village opinion which now compels a man to restrict his expenditure on these objects. And the good people of villages where there are societies are no longer anxious to have feasts at the expense of an unfortunate man who has lost his father or who marries his son or daughter; for anything that affects that man's solvency might also affect their pockets. It is for this reason we find that in spite of the latitude allowed in regard to the objects for which loans may be granted, the amount actually given out for unproductive expenditure comes to only 5 per cent."

In his 1910-11 Report the Registrar wrote: "The low place which marriage expenditure occupies is an interesting feature. My experience would almost justify the inference that it represents the increasing control which societies exercise on ceremonial expenditure. Cases of loans granted for certain purposes being applied to others are not unknown, but cases of application to undesirable objects are rare."

The Registrar for *Madras* makes the following remarks regarding the purposes of loans in his 1909-10 Report: "In all well-managed societies, and they form the great majority, loans are advanced for definite purposes and are applied to those purposes. The promissory note provides for immediate return of the money if not expended on the object for which it is granted, and in two of the Unao societies loans have been for this reason actually recalled. The most usual objects declared are purchase of cattle and seed and expenses of cultivation, such as weeding and irrigation. Loans for marriages and other necessary, though unproductive, expenditure are also given. The question of repayment of old debts is now generally taken up when a society is first formed, and persons who appear to be too heavily indebted are not then admitted as members, while in the case of those whose debts are only of a moderate amount the society arranges to liquidate them and to recover the amount by instalments spread over several years, lists of old debts have been prepared and attempts will gradually be made to clear them off. In cases where holdings are mortgaged with possession as security for a debt, the rate of interest is generally so low that it is not worth while of the mortgagor to borrow from his society the money to redeem his holding."

Again in his 1910-11 Report, the same Registrar wrote: "In many societies loans for payment of rent have been given and this has enabled the members to hold up their stocks for sale at the most favourable season and so to effect an economy. In every district special endeavours have been made to obtain a correct statement of old debts due by members to *mahajans* and considerable loans with these objects have been given."

In the *Punjab* statements were prepared by the Registrar showing for what purposes loans had been granted in the districts where the societies

where most active. For 1909-10 five such districts were included in the statement, and seven districts in that for 1910-11.

For 1909-10 the table is reproduced showing the percentages of the total *number* (not amount) of loans granted for each purpose. For 1910-11, however, only the principal variations in the percentages are given. In the following table, therefore, where no figure is given it may be taken as approximately the same as in the previous year.

Purposes	Percentage of Total Number of Loans	
	1909-10 (Five districts)	1910-11 (Seven districts)
Purchase of bullocks	20	24
Rapayment of old debts	30	25
Payment of revenue	12	20
Purchase of seed	5	not stated
Honsehold expenses	12	5
Marriages	5	not stated
Purchase of fodder	2	"
Purchase of kine.	3	"
Trade	1	3
House-building	2	not stated
Redemption of land.	3	2
Miscellaneous	5	8

Up to July 1st., 1910, it was calculated that Rs. 8,00,000 had been employed by the societies in the Punjab for the removal of oppressive debt, and that Rs. 5,00,000 had been advanced for the purchase of cattle.

In *Burma*, according to the 1909-10 Report of the Registrar, "the chief reasons for which loans are taken are settlement of prior debts at high interest, redemption of land, land purchase, purchase of cattle, seed, and food, subsistence during the cultivation season, expenses of cultivation and payment of revenue to enable the crop to be held up." "I can truly say," added the Registrar, "that in the vast majority of cases loans were applied to the stated purpose."

The Registrar further stated that a large amount of land had been redeemed and bought with loans from societies. The members of one

society redeemed nearly 500 acres; in another society the members bought or redeemed 308 acres in five years.

For *Eastern Bengal and Assam* the Registrar's Reports contain the following full particulars :

Purposes	1909-10		1910-11	
	Number of loans	Amount	Number of loans	Amount
		Rs.		Rs.
Purchase and settlement of Land . .	165	6,303	69	4,768
Improvement of land	128	5,255		
Payment of revenue or rent	460	10,980	722	18,675
Purchase of seed	313	4,526	234	5,539
Purchase of cattle	1,198	41,773	1,581	57,009
Agricultural operations.	1,617	45,920	2,266	86,138
Buildings and repairs of houses. . . .	30	1,840	71	3,060
Manufacture and Industry	—	—	23	2,286
Trade and Commerce	304	17,341	395	20,576
Maintenance	1,545	27,488	1,985	35,794
Repayment of old debts	1,449	90,236	3,300	1,72,230
Social and religions ceremonies	144	3,950	115	7,996
Miscellaneous :	205	12,336	203	8,103

* * *

In our next chapter, we shall be able to show how the process of organisation has been carried a step further by the formation of central agencies for financing and supervising local societies.

(To be continued).

CO-OPERATION AND ASSOCIATION

UNITED STATES.

CURRENT QUESTIONS.

The Inquiry by the President of the United States into the European Land and Agricultural Credit Systems.

The provision of better credit facilities for farmers has become a pressing question in the United States and much public interest has been aroused in it. In March, 1912, President Taft directed the Department of State to instruct the diplomatic officers abroad to report upon the agricultural credit systems in those European countries where such systems are in operation. The Reports were to be sent to Mr. Myron T. Herrick, the United States Ambassador at Paris, who was instructed to prepare a general report.

The question was, in turn, taken up by the American Bankers' Association. It was also discussed at the Southern Commercial Congress, held at Nashville in April, at which Mr. David Lubin, the American Delegate on the Permanent Committee of the International Institute of Agriculture, was present. At this Congress, it was decided to form a Committee of representatives of the various States to visit Europe in 1913 and to study the working of the various systems in operation in the European countries.

A further instance of public interest may be found in the fact that the pamphlet entitled "An Outline of the European Credit Systems", published by the International Institute of Agriculture, was issued as a public document and was distributed very widely throughout the United States. This Outline contains a synopsis of the information on this head from the many volumes of the *Bulletin of Economic and Social Intelligence* published by the Institute.

Ambassador Herrick has since furnished a Preliminary Report to the President, who, upon receipt of it, invited the Governors of the various States of the Union to confer with him on the subject at the Annual Congress of Governors to be held at Washington in December. President Taft's letter to the Governors and Ambassador Herrick's Report have been published together under the title "Preliminary Report on Land and Agricultural Credit in Europe, including the letter of President William H. Taft to the Governors of the States and the Recommendations of Ambassador Myron T. Herrick in connection with the Proposal of President Taft to introduce Co-operative Credit into the United States" (Washington, Government Printing Office, 1912).

We reproduce in full the President's letter and give a resumé of Ambassador Herrick's Report.

§ 1. *President Taft's Letter to the Governors of States.*

The following is the text of President Taft's letter:

" Executive Offices,

" Beverly, Mass., October 11, 1912.

" *My dear Governor :*

"For some months past, at my direction, the Department of State, through its diplomatic officers in Europe, has been engaged in an investigation of the agricultural credit systems in operation in certain of the European countries. Although the investigation is still under way, a preliminary report has been submitted, together with the recommendations of Ambassador Myron T. Herrick in connection with my proposal to adopt this system in the United States.

"A study of these reports and of the recommendations of Ambassador Herrick, which I am sending you, convinces me of the adaptability to American conditions of the co-operative credit plan as set forth in the organisation of the Raiffeisen banks of Germany. The establishment and conduct of such banks, however, are matters for State control. I suggest, also, the establishment of land-mortgage banks under State charters and the formation of co-operative mortgage-bond societies along the lines of the Landschaften societies of Germany, provided that uniform State legislation can be secured to govern their organization and operation. As a later step I favour the enactment of laws by Congress permitting

organization of National land-mortgage banks, to be operated under strict Government supervision, with the power to guarantee and market the guaranteed debenture bonds of the State land-mortgage banks or co-operative societies. I recommend for your consideration the report and recommendations of Ambassador Herrick, now published by the Department of State for general distribution. This report should receive the attention of everyone interested in the problem of agricultural finance and, indeed, of all persons interested in the welfare of the American farmer.

"The need for the establishment of an adequate financial system as an aid to the farmers of this country is now quite generally recognised. The governmental initiative, taken by the Department of State under instructions issued by my direction to the diplomatic officers in Europe on March 18th. last, have been effectively supplemented by the American Banker's Association, the Southern Commercial Congress and by many other bodies by whom this question has been agitated, and valuable work has been done in studying and disseminating knowledge of those great instrumentalities which have been created in foreign lands to extend to their agriculturists credit facilities equal in benefits to those enjoyed by their industrial and commercial organisations. The handicap placed upon the American farmer through the lack of such a system and the loss sustained by the whole citizenship of the Nation because of this failure to assist the farmers to the utmost development of our agricultural resources is readily apparent.

"The twelve millions of farmers of the United States add each year to the national wealth 8,400,000,000 dollars. They are doing this on a borrowed capital of 6,040,000,000 dollars. On this sum they pay annually interest charges of 510,000,000 dollars. Counting commissions and renewal charges, the interest rate paid by the farmer of this country is averaged at $8\frac{1}{2}$ per cent., as compared to a rate of $4\frac{1}{2}$ to $3\frac{1}{2}$ per cent. paid by the farmer, for instance, of France or Germany.

"Again, the interest rate paid by the American farmer is considerably higher than that paid by our industrial corporations, railroads or municipalities. Yet I think, it will be admitted that the security offered by the farmer in his farm lands is quite as sound as that offered by industrial corporations. Why, then, will not the investor furnish the farmer with money at as advantageous rates as he is willing to supply it to the industrial corporations? Obviously, the advantage enjoyed by the industrial corporation lies in the financial machinery at its command, which permits it to place its offer before the investor in a more attractive and more readily negotiable form. The farmer lacks this machinery, and, lacking it, he suffers unreasonably. This is not theory. Through all the changing conditions of a century, the soundness and practicability of such finan-

cial machinery, based upon the peculiar credit needs of the agriculturist has been tried out, and so successful has been its operation that in Germany, in times of financial stress, money has been taken out of the commercial field and placed in the keeping of that Empire's agricultural co-operative banks for safety. The value of this assistance to the farmer receives unquestionable testimonial in the growth of the system in the countries of Europe. More specifically this advantage may be seen in the fact that through this machinery the German farmer has received money, at times, at rates lower than those current in commercial loans.

"But the advantages to be gained by the adoption of this plan go beyond the direct saving in interest charges to the farmer. The great necessity which prompted the establishment and extension of this plan throughout Europe was that of checking the rapidly advancing increases in the cost of foodstuffs, brought about by the inevitable increase in consumption and the failure of the long-drained soil to afford a corresponding increase in production. That problem faces the people of this country to-day — not in so severe a form as it threatened the older countries of Europe, but, still, as a great and pressing economic problem.

"In Europe this problem has been successfully met, first by reducing the cost to the farmers of producing his crops and, secondly, by increasing his production through the adoption of improved methods of cultivation. Both the Federal and State Governments in this countries have done much to afford the farmers instruction in improved agricultural methods. But it still remains for us to reduce the cost of the farmer's production by affording him the necessary capital for the exploitation of his soil upon the most advantageous terms. He must be afforded the money necessary for him to adopt improved methods. It must be made profitable for him to place every acre of his ground under cultivation. This offers the consumer relief from the increasing cost of foodstuffs.

"It is this portion of the task that still remains to be performed in this country, and it is in this task that I invite your co-operation.

"The country enjoys to day great prosperity. The factories are busy, the working-men employed, and everywhere the wheels of industry hum. The farmer shares in this general prosperity. We have come to look upon the farmer of to-day as one of our most prosperous citizens. The proposal which I make is not to subsidize the American farmer. Fortunately for this country he does not need it, nor would he accept it. What this plan offers is a means to secure to this country greater productivity, at less cost, from the farms that are now under cultivation, and, above all, to give us more farms and more farmers. It will make it profitable for the farmers to return to the cultivation of the abandoned farms of the East and to open up the vast area of untilled land in the West.

"All this can be done, and I am convinced that in this country it must be done, by the efforts of the farmer himself. It is natural that some of the European governments should have extended a paternal protection over the systems of agricultural finance and have given them financial as well as legal assistance. This, however, must be guarded against in this country. We must establish a credit system of, for and by the farmers of the United States. It were better, otherwise, not to consider the matter at all. It is an interesting commentary on the value of paternalistic government support to note that this plan of agricultural co-operative credit has thrived best—in fact has enjoyed a substantial development only—in those countries where the movement has grown up from the farmers and where the government has to the greatest degree refrained from attempts artificially to nurture the plan by subsidy and has restrained its interference to the proper field of imposing restrictional legislation for the purpose of preventing speculation.

"The entire field of agricultural co-operative credit is properly divisible into two parts: First, the co-operative societies of farmers, formed for the purpose of obtaining personal credit; and, secondly, the societies or private corporations formed to create a sound security in land mortgages for the purpose of gaining a national or international market for bonds based upon farm-land mortgages. Both of these forms of co-operative credit may be found in many of the European countries under varying forms of organisation. The general principles are, however, very much the same.

"It is not practicable here go into details of the organisation followed in European countries in the formation of these co-operative societies. A very good law has been enacted by the State of Massachusetts allowing the incorporation of credit unions, which should furnish an excellent example for other States. Their establishment is generally a matter for State legislation and encouragement, their organisation and management are wonderfully simple, and the experience of the European countries shows that their success is practically inevitable where the environment is congenial to their growth and where proper laws are passed for their conduct. Although, undoubtedly, the organisation followed in the European countries could not be adopted in its entirety in this country. I would advocate the general principles followed by the so-called Raiffeisen banks of Germany. These smaller societies should restrict their loans to personal credit. They are not intended to make large loans on land mortgages, although, indirectly, the lands of all the members form the security. Above all the cardinal principle should be followed that all money loaned should be for a strictly creative purpose. No loan for the purchase of anything merely for consumption should be tolerated.

"The business of furnishing money as loans on real estate is the proper province of the co-operative societies or private corporations which I have placed in the second class. In Germany this is done through co-operative societies known as *Landschaften* and through mortgage banks. In France it is done through the *Crédit Foncier*.

"The chief advantages brought to farmers through such institutions are lower interest rates and easy amortization, whereby the borrowing farmer may repay his loan bit by bit, extending these payments over a long number of years. Thus, his obligations are made proportionate to his annual receipts from the exploitation of his soil, and the danger of foreclosure is vastly reduced. To appreciate what this amortization plan would mean to the farmers of this country it is only necessary to consider the foreclosure records of some of our States.

"It is not my purpose here to lay down any one plan as necessarily the one most suitable for adoption in the United States. From the reports of our ambassadors and ministers in Europe and from the recommendations of Ambassador Herrick, to whom was given the task of compiling from these the general report, I am inclined to suggest the suitability of organizations similar to the German land-mortgage banks for incorporation under State charters in this country. It will be most desirable, if not, indeed, essential that the laws creating and governing such institutions should be uniform throughout the States, in order that they may be well understood by the investor, and their debentures should be given character both at home and abroad. As a later step it may prove advisable to urge the enactment by Congress of laws permitting the creation of national land-mortgage banks similar to those of Germany and France with limited privileges, and surrounded and guarded by strict supervision, but with sufficient appeal to American initiative and opportunity, with the power to guarantee and market a guaranteed debenture bond of the State mortgage bank or co-operative society. Securities issued by such national institutions would probably find a ready market in Europe at low rates of interest, since they are a favourite and familiar form of investment in those countries by the conservative investor.

"The most essential point to bear in mind is the need for the assumption by the Federal and State Government of the responsibility for economically and honestly conducted institutions. Such assumption is the essential precedent for obtaining the confidence of the American as well as the European investing public. In this field, as in all others, there is room for harmful exploitation for personal gain. That must be guarded against. Therefore, I invite you to make this matter the subject of earnest study and exchange of views between the State Executives, and I now extend to you, with the Governors of the other States, a cordial invitation to confer with me in Washington, on the occasion

of the next annual conference of Governors, in order to consider means for the adoption of an agricultural credit system as a benefit to the American farmer. I understand that the Congress of Governors is to occur in December. Were not the interval so short, my conviction of the importance of this subject would impel me to invite you to a special conference at a still earlier date.

"Renewing my request for your hearty co-operation in a work of such nation-wide benefit to the farmer, the consumer, and, indeed, to the nation at large.

"I am, my dear Governor, very sincerely yours

"WM. H. TAFT."

§ 2. *Ambassador Herrick's Report.*

In his "Preliminary Report on Land and Agricultural Credit in Europe", Ambassador Herrick stated that these co-operative and other rural credit systems were so well organised in most of the European nations that rural land securities were as liquid and sound as municipal bonds, while the farmer was able to supply himself with working funds for short or long time when desired. The institutions and systems devised for these objects had certain basic features in common, but varied considerably in type, and thereby showed a remarkable adaptability to all sorts of social and economic conditions, such as existed in America. The rates of interest at which they were able to obtain and lend money fell even below the European commercial rate and were about one-third to one-half less than what prevailed in the United States.

Farmers in many parts of Europe were as familiar with the credit and banking business as the trades people in towns and cities. The great bulk of their loans had been made on personal or chattel security. The loans secured by land mortgages as a rule ran on for 30 or 50 years and were gradually wiped out by small semi-annual payments. Foreclosures were infrequent and no company dealing principally in these long-term farm-loans had failed or occasioned loss to investors in recent times. Farm paper and mortgage bonds were considered investments of the safest sort.

This almost complete organization of land and rural credit in advanced European nations had been brought about by the labours of public and private individuals, farmers, scholars, bankers, legislators, government commissions and national assemblies, all studying and working in a common cause. In Europe the agricultural banks and credit facilities

had been created before agricultural or even general education was attempted.

The United States had begun at the opposite end. The American colleges and systems for teaching agriculture were amongst the oldest and best in the world, but the results would have been far greater if financial education had gone hand in hand with this work; it would have led to the study and introduction of the rural banking methods of Europe generations ago.

Personal credit in agricultural Europe was obtained usually by means of the co-operative credit associations. With their aid poverty and usury had been banished, sterile fields had been made fertile, production had been increased, and agriculture and agricultural science raised to the highest point. Failures had rarely occurred. In France and other countries they held a record of having never lost a cent. The working capital and number of members of individual associations were insignificant. Yet they did one-third of the banking business of Italy; while the combined amount of their operations in Germany equalled that of the commercial banks. They were looked upon with favour in the financial world because they keep millions of dollars of petty sums in circulation which, except for them, would be idle and hoarded.

Ambassador Herrick proceeded to give some figures showing the number of co-operative credit societies in various countries and the amount of the business done. Thus, he noted that in France 96 regional banks did upwards of 25,000,000 dollars of business on a capital of 2,983,646 dollars, while the 2,983 local banks, with a membership of 133,382 farmers had 2,622,241 dollars of capital and a record of over 20,500,000 dollars of operations. There were nearly 6,000 banks in Austria; their membership was over 725,666 and the loans ran over 86,500,000 dollars. In Italy 690 banks that had furnished reports had a working capital of over 170,091,946 dollars. In Germany there was one bank for every 1,600 of the population, and the total business done was over 4,888,000,000 dollars. In view of the striking array of figures quoted, it was remarkable that the farmers of the United States had been so slow to adopt this system of banking.

After touching upon the question of state-aid to co-operative credit societies and deprecating the advance of state money to such societies, the report pointed out that state-intervention in Europe was the outcome of conditions that had never been paralleled in the United-States. The peasant had been released from serfdom in Germany in 1807 and in Russia in 1861, and emerged from his bondage benumbed in mind and sensibilities. With the rise of modern industry, the growing cities had required more foodstuffs, and the peasants who had been equipped and trained only for local demand, began to produce for the open market. This had meant commerce, with business knowledge, banking facilities, and money,

but of these the peasants had none. They had been at the mercy of the money-lenders and middlemen and became the victims of the most grasping forms of usury. Their plight had been rendered desperate when improved methods of transportation brought to the European shores the cheap grains from over seas. Innumerable plans and efforts had been made to remedy the situation. Some of them had got on the statute books and naturally a strong trace of them remained. But the solution of the problem had not been brought about by governmental action. The mutual banks that had begun to spread over Europe in the sixties of the past century and which finally brought credit in abundance to the farmers had been the results of the life work of two active philanthropists whose theories were antagonistic to state-aid and based on the idea of self-help alone.

Ambassador Herrick proceeded in his report to outline the history of the origin and progress of the co-operative banking systems devised by Francis Frederick Schulze and Frederick William Raiffeisen, and then to describe the "Landschaften" of Germany. As these matters have been fully dealt with in previous issues of the *Bulletin of Economic and Social Intelligence* of this Institute we need not reproduce the details given by Ambassador Herrick. We content ourselves with quoting certain striking facts which he adduced and some opinions which he expressed.

Thus, referring to co-operative credit associations, he stated that they had been of incalculable value to agriculture in Europe, and that the investigation so far conducted had showed that such societies could be of great benefit to farmers in many parts of the United States. After they had been thoroughly tried and tested, and had become a real part of the banking systems of the country, an equitable portion of the millions of dollars pouring into the postal savings banks might be loaned to or deposited with them, thus putting these funds to safe and productive uses.

Again, speaking of the methods ultimately adopted by the "Landschaften", he stated that the associations raised funds for the purpose of making advances on mortgage to their members by issuing and selling bonds of even denominations for large and small amounts. The loans were made repayable by annual instalments running through a long period of years and the instalments were set aside for redeeming the bonds. The whole theory of the organisation of land credit was based upon this debenture bond and system of amortization and sinking funds devised by the "Landschaften". One without the other two was useless. The three must be combined and also coupled with strong management under wise laws in order to attract a steady flow of cheap money to agriculture. It was remarkable that this truth had never been realised or applied to the United States for farm-mortgage loans. The lending of money on mortgage in America still remained largely a mere brokerage business unre-

stricted by proper governing laws, either by individuals or corporations, while mortgages continued to be drawn up for three or five years, although experience showed that the average life of a loan was far in excess of that period.

Amortization was simply a method of paying off a loan by returning a little of the capital each year. The annuities paid were composed of the interest and contributions to the sinking fund and the cost of conducting business. They were calculated for periods of 10 to 75 years, and at the end of the period the mortgaged debt became extinguished and the property returned to the owner free and clear of all encumbrances. The prevailing interest rate on amortizable mortgages in France at present was 4.3 per cent. But by adding a little over 3.2 per cent. to this, and paying 7.5 per cent. a year, a French farmer could extinguish his debt within 20 years.

The "Landschaften" idea had been tested and proved by over 130 years of success, and could undoubtedly be employed to advantage by water-users' associations in the irrigated regions of the West, and in other parts of the United States where landowners might unite to raise funds for drainage or other improvements for their common good.

Ambassador Herrick remarked that the most noticeable fact revealed by the investigation of the European land credit institution was the all pervading presence of the state. Whatever might be the opinion entertained for the state intervention in the land-credit system of the Continent, there could be no doubt that the working principles and business methods of the European land-mortgage banks were the best ever devised, and they would have to be introduced into the United States if it were hoped to make the farm mortgage a fluid and popular form of investment and direct a flow of capital in sufficient volume to agriculture to enable it to keep pace with the progress of the Nation.

There follows in the Report a description of the *Crédit Foncier* of France, which, in the opinion of Ambassador Herrick, best exemplified the main features of the Continental land-credit system. Of this institution also an account has already been given in the *Bulletin of Economic and Social Intelligence* of this Institute.

The Report further gave a brief account of the private mortgage banks in Germany, and Ambassador Herrick expressed the opinion that the German Law of 1899 was the last word in legislation for private joint-stock mortgage banks, and that, with slight modifications it could easily be adapted to the United States. The banks of this kind in Germany, he stated, had outstripped the old-established and specially privileged public banks. They now had 2,618,000,000 dollars loaned out on mortgage or over five times more than the *Landschaften*.

The Imperial Government watched over all these private mortgage-banks. The supervision was carried out by royal commissioners and

extended to the minutest detail. These inspecting officials had the right to verify the securities and cash on hand, and to demand information regarding every separate transaction. They might also send a representative to general meetings of stockholders and to sittings of boards of directors and take all measures that seemed fit to enforce the proper conduct of business.

Having completed his rapid survey of rural credit facilities in Europe Ambassador Herrick proceeded to draw his conclusions and to make recommendations.

The 12,000,000 farmers of the United States (he observed) were adding over 8,400,000,000 dollars to the national wealth each year. They were doing this on a borrowed capital of 6,040,000,000 dollars, on which 510,000,000 dollars of interest was annually paid. Counting commissions and renewal charges the rate was averaged at $8\frac{1}{2}$ per cent. for the United States as against $3\frac{1}{2}$ or $4\frac{1}{2}$ per cent. for Germany. If the American farmers had had a thoroughly organised system of mutual credit societies they would not only have saved this difference of 200 or 250 millions of dollars (1) to themselves individually, but in course of time the entire debt would be transferred to the societies, the interest paid to them, an economic waste stopped, and this stupendous sum restored to agriculture. The assertion was neither fanciful nor extravagant. It was below the actual ratio obtained by a comparison with the German figures.

The time had now arrived for action in the United States. Very little now could be gained by further study of the European field. The investigations which were being carried on had already gathered nearly all the material required concerning the working principles, business methods and achievements of the farm and land credit systems. The rural mutual credit societies had made the farmers not only their own bankers, but by aiding co-operation in all its branches had also enabled them to become their own merchants, buying supplies at wholesale and selling produce directly in all the nations where they flourished the best. The *Landschaften* and other mortgage institutions had evolved the true theories of the mortgage loan — never tried in America — and had made real-estate securities so safe, convertible and cosmopolitan that in Europe they sold as readily as government bonds. With slight modifications they could be easily adapted to the agricultural needs of many parts of the United States.

There was practically no limit to the amount of capital that could be advantageously employed for rehabilitating worn-out and abandoned farms, opening up new areas, and introducing modern methods of cultiv-

(1) In the Report the difference is given as "20 to 25 millions of dollars," but this is obviously a printer's error.

ation; and it was of vital importance that this capital should be obtainable at once in sufficient volume and on easy terms. The world-wide problem caused by the pressure of population upon the means of subsistence now confronted the United States in the very face of its matchless natural resources and vast acreage of arable lands still remaining untouched by the plough. The 385,000,000 dollars of food-stuffs exported in 1911 barely represented 76 per cent. of the annual interest charges on the debts the farmers owed.

The cause of the trouble was lack of capital and the remedy lay in financing the farmer and the landowner. This was the indisputable conclusion logically reached from examination into the actual conditions and from comparisons furnished by recent European history. The solution of the problem concerned the general welfare as much as did the currency and monetary reform.

The establishment of agricultural credit associations was largely a matter for State and National legislation and encouragement. The organization and the management of these little societies were so simple and their success so inevitable where the environment was congenial to their growth, that without doubt they would spring up in multitudes as soon as the proper laws were passed, and in course of time develop systems as large and effective as those of Germany. The organisation of land credit, however, was a complicated task, especially since the idea was new in the United States and involved in a tangle of conflicting State laws and antiquated land registration and taxation systems and foreclosure procedures. Many changes, amendments and additions would have to be made in respect to all these before the way could be made clear for the formation of land-mortgage banks. In addition to the uniformity of laws, a uniformity of business methods must also be brought about. This meant statutory regulations and limitations and also official supervision, similar to that exercised in the United States over national banks, savings banks, and public utility corporations. Free scope for private enterprise and initiative should be allowed and encouraged, but promoters should never again be given the opportunity to exploit the necessities of debtors and prey upon the public.

The only instrument by which land-mortgage banks could finance themselves, draw money from the public for investment in loans, were the debenture bonds, but these bonds would not circulate freely nor far from the place of issue, unless they were known to have the same underlying values and give the same rights to the holder, regardless of whether they were secured by mortgages in Texas, Massachusetts, or in any other States. But possessed of these characteristics as guarantees of law, there was no reason why debentures of large mortgage banks and *Landschaften* should not be listed in stock markets and sold, negot-

iated, and exchanged as readily as railway and municipal securities, and thus equalize and reduce interest rates for farmers throughout the country.

The Report concluded with the recommendations that the persons foremost in the movement for organising the land credit and improving the agricultural credit facilities in the United States should get together, open headquarters at some convenient place in the Middle West, systematize the propaganda and see that it advanced along similar lines in all the States; that special conventions should be held in those States where the need was most urgent, and that later on a national convention should be assembled or at least a national committee appointed to sit in continuous session; and that every effort should be made to secure the uniformity so much to be desired in State laws and to give a proper direction to any Federal legislation which should be proposed.

CO-OPERATION AND ASSOCIATION

FRANCE

(Algeria).

CURRENT QUESTIONS.

Mutual Agricultural Credit in Algeria in 1909 and 1910.

Source:

Report of the Minister of Home Affairs to the President of the Republic on the Work of the Mutual Agricultural Credit Institutions in Algeria. (*Official Journal* of July 29th., 1912).

In 1901 the French Government extended to Algeria the system of mutual agricultural credit in force in the mother country. The reader of our Bulletin already knows the details of this credit organisation (1). The institutions for the purpose are the *local* and the *regional banks*. Both classes, founded on co-operative principles and a professional basis, are assisted financially by the State. The regional banks have to serve as intermediaries between the State and the affiliated local banks, to offer the latter the funds necessary to put them in a position to grant credit to farmers and farmers' associations on favourable conditions.

For the purpose, the State has placed at the disposal of the regional banks in Algeria, amounts out of the fund constituted by an advance of 3,000,000 frs. granted by the bank of Algeria, and the annual payment that Bank has engaged to make.

(1) See: *Bulletin of Economic and Social Intelligence*, December, 1910, p. 274, April, 1911, p. 83, January, 1912, p. 39, and November, 1912, p. 25.

The last Ministerial Report published in the Official Journal gives an account of the working of these institutions in 1909 and 1910. We shall here summarise it faithfully.

The report referred to shows the continually increasing progress of the credit banks, by which both European and native farmers profit largely. When they first began working, difficulties were not wanting. As these were especially due to the inexperience of the organizers, they have gradually diminished.

On December 31st., 1910, there were in Algeria, 41 regional banks, 7 formed in 1909-1910, and 228 local banks. They had 10,663 adherents and were distributed as follows in the three departments :

	Regional Banks	Social Banks
Algiers	18	99
Constantine	12	54
Oran	11	75
Total	41	228

The banks are of mixed character, that is to say, they accept the bills both of Europeans and natives. On account of the limited number of European farmers and of the distance between the inhabited centres, five of the regional banks have been formed, with chiefly native members.

At the end of 1910 the amounts paid to the State by the Bank of Algeria amounted to a total of 5,250,000 frs., but of this fund, the regional banks had obtained 4,388,000 frs. as loans without interest, distributed over 9 years as follows :

1902	319,000 fr.	1907	320,670 fr.
1903	341,500 "	1908	346,050 "
1904	905,000 "	1909	325,900 "
1905	990,600 "	1910	332,140 "
1906	507,200 "	Total	4,388,060 fr.

The capital of the regional banks amounted altogether to 1,360,067 frs on December 1st, 1910.

The following table shows the number and amount of the bills of the local banks discounted and renewed by the regional banks in 1910.

Bills of the Local Banks Discounted at the Bank in 1910

Headquarters of the Banks	Number of Bills Discounted	Amount of Bills Discounted	Number of Bills Renewed	Amount of Bills Renewed
<i>Department of Algiers.</i>				
Algiers	2,055	1,568,547.60	946	1,302,089.85
Affreville	139	109,250 —	242	222,700 —
Aïn Boucif.	337	177,500 —	337	177,500 —
Azazga	48	16,125 —	267	113,050 —
Berronaghia	370	101,600 —	20	3,475 —
Boufarik	2	1,600 —	30	38,400 —
Boghari	205	104,375 —	121	36,275 —
Chellala	357	72,450 —	313	65,000 —
Douéra	4	1,500 —	11	4,000 —
El Affroun.	1,036	992,625.65	929	924,465.35
Koléa.	108	83,309.21	36	57,809.81
Marengo	2,283	1,898,464.05	647	460,214.95
Médéa	246	45,975 —	181	23,490 —
Mirabeau	930	1,391,582.70	362	245,741.80
Mouzaïaville	83	39,278.20	439	324,052.55
Sidi-Aïssa	703	127,390 —	182	32,430 —
<i>Department of Constantine.</i>				
Constantine	1,076	845,465.60	—	—
Bône.	612	665,100.15	—	—
Bougie	—	—	—	—
Belesma	131	72,900 —	—	—
Bordj Bou Arréridj.	135	79,045.85	—	—
Djiddjelli.	391	117,092.15	118	57,114.15
Guelma.	116	30,680 —	201	55,500 —

Headquarters of the Banks	Number of Bills Discounted	Amount of Bills Discounted	Number of Bills Renewed	Amount of Bills Renewed
Jemmapes.	278	151,490.75	352	290,048.75
Philippeville.	—	—	—	—
Sétif.	424	521,584.30	336	460,800—
Souk Ahras.	402	75,175—	84	79,075—
Bône (Bdough).	—	—	—	—
<i>Department of Oran.</i>				
Oran.	—	—	—	—
Ammi-Moussa.	806	82,265—	1,351	131,305—
Djebel Nador.	464	157,100—	238	66,800—
Mostaganem.	388	159,481—	173	114,947.20
Perrégaux.	210	150,160—	—	—
Relizane.	—	—	—	—
Rio-Salado.	654	541,075.87	335	275,537.95
Sidi-Bel-Abbès.	883	345,675—	813	548,999—
Tiaret.	122	120,000—	23	41,000—
Tlemcen.	428	437,400.15	42	86,366.95

The Government has arranged that the regional banks and the local banks should form reserve funds giving every guarantee desirable for the repayment of their loans. These reserve funds are formed by means of quite safe securities, deposited with the bank, that the banks may not under any pretext give as guarantee for the opening of a discount credit.

At the end of 1910, the total amount of these reserve funds was 521,499 frs. or 291,061 frs more than in 1908.

On the advice of the Commission for the Distribution of State Loans it has been decided that any application for an advance or a renewal presented by banks that have not formed a reserve fund conformably with the above conditions must be quite simply refused.

The boards of management of the banks have been invited to reduce the proportion of loans granted to the amount strictly necessary for the requirements of an agricultural season, and to keep in mind the essentially agricultural character of the operations for which the credit is granted. With few exceptions, the repayment of the State loans by the regional banks takes place regularly. In addition to the usual supervision, two finance inspectors have inspected all the Algerian banks.

To facilitate the development of co-operative agricultural credit, the Government has approached the Bank of Algeria to induce it to discount the bills issued by the banks. These steps have been successful.

The report observes that co-operative agricultural credit has given excellent results, lately, even among the natives. They understand the advantages of this institution which, by its simple system, is more within the reach of their understanding than certain other branches of mutuality, the results of which, though always beneficial are, however, less immediately so.

The small native farmers who used not to be permitted to deal with the banks and were compelled to resort to money lenders, now find cheap credit open to them and may thus wait to sell their crops at higher prices. We may therefore say, adds the Minister, that co-operative agricultural credit will contribute efficiently to liberate the fellah from the hands of the usurers.

On its side, the Government does what it can to remove all the obstacles to the development of credit for the natives. A burdensome formality considerably raised the rate of interest of notes to order of an amount of over 150 frs, made out in Arabic. These could not, in fact, be produced in courts of law without being first translated by an interpreter of the court. The charge for translation was 3 frs per bill and 50 centimes was charged for certification of signature. The result of this was an exaggerated increase in the rate of interest, especially when the loan had to be several times renewed. A recent decree fixes the charge for translation at 1 fr. 50 and that for certification of signature at 25 centimes.

The regional banks have not failed also in Algeria, to encourage agricultural co-operative societies for production and sale, granting them credit on favourable conditions at 2% as established by the law of February 26th., 1909, which extended to Algeria the advantages of the law of 1906 (1). Seven co-operative societies of this type have profited by the law : they are :

(1) For the results of this law in the mother country, see *Bulletin of Economic and Social Intelligence*, November, 1912, p. 25.

				France
				—
The Cotton Society of Orléansville				30,000
The Viticultural Society of Couraya				37,000
" " " " Dupleix.				15,000
" " " " Novi				50,000
" " " " Fontaine de Genie. . .				57,000
" " " " Zurich				25,000
" " " " Mahelma				48,000
" " " " Castiglione				60,000
Total . . .				322,000

These associations, above all the viticultural societies, have already rendered important services to agriculture. The quality of the wine made collectively in the wine societies is far superior to that obtained by isolated producers who, often, make use of material of inferior quality and frequently follow empirical methods. The system of association has led to a rise in prices, which is all to the advantage of the small farmers.

In view of the results, new co-operative societies are in course of formation.

Altogether, concludes the report; the institution of co-operative agricultural credit, which was only introduced ten years ago into the colony, worked regularly during last year, except for the slight defects mentioned above, defects that a carefully conducted reform will progressively eliminate.

PART II.

INSURANCE.

INSURANCE

GERMANY

CURRENT QUESTIONS.

Progress made by the German Agricultural Insurance Societies in 1910.

K. Aufsichtsamt für Privatversicherung. Versicherungs-Statistik für 1910. Berlin, 1912. Guttentag.

Veröffentlichungen des K. Aufsichtsamts für Privatversicherung. No. 3, August, 1911. Berlin, 1911. Guttentag.

Geschäftsbericht des kaiserlichen Aufsichtsamts für Privatversicherung für das Jahr 1911. Berlin, 1912. Guttentag.

Introduction.

By the Imperial Law of May 12th., 1901 on Private Insurance Businesses, the Imperial Supervision Office has to publish every year a report on the situation of the businesses under its supervision. As results from the text of the law itself and from a later Order of the Imperial Chancellor, of June 18th., 1908, the Imperial Office of Berlin exercises supervision in particular over: (1) national private insurance businesses, the sphere of action of which is not limited in their rules or by other provisions to the territory of a single federal state, provided, always that the supervision of these businesses, in consideration of their restricted area (either relatively

to the nature itself of the business or to the area in which it is conducted, or the group of persons interested) has not already been entrusted by the Imperial Chancellor, in agreement with the local authorities concerned, to one of these local authorities : (2) national private businesses, the sphere of action of which is limited to the territory of a federal State, but the supervision over which, on the proposal of such State, with the consent of the " Bundesrat " has been entrusted by an Imperial order to the Imperial Supervision Office ; (3) foreign private insurance businesses, transacting their business within the territory of the Empire, by means of representatives, mandataries, agents or other intermediaries ; (4) national private insurance businesses, conducting the business of reinsurance for the classes of insurance by virtue of the law, subjected to the supervision of the Imperial Office.

On the contrary, the following are exempted from supervision by the said office, always according to the formal provisions of the 1911 law : (1) businesses insuring against the fluctuation of prices, or doing transport insurance business ; (2) registered aid societies, aid societies founded in accordance with the special laws of the federated state, aid societies founded by workmen's corporations in conformity with the order concerning mining industries and banks, founded in accordance with the regulations relating to mines.

The Imperial Office has recently published its 9th. annual report, giving the chief statistical data for 1910, for the insurance businesses subject to its supervision (1), excepting only those limiting their operations to the territory of a single State. Thus, the Statistics for 1910 take no account of 513 insurance societies of the Grand Duchy of Hesse, 1 society of the Grand Duchy of Mecklenburg-Strelitz, and 78 of the Principality of Schaumburg-Lippe, which do not extend their operations beyond the borders of the respective States, and are for the most part livestock insurance societies. In spite of their number, these societies are not as yet of great importance, as appears also from other reports of the Imperial Supervision Office (2).

In 1910, in fact, the gross total of premiums collected by the 565 mutual livestock insurance societies working within the territory of a single State amounted to hardly 891,142 mks., whilst, on the other hand, the 36 large societies, extending their operations over several States, the same year collected 13 million marks in premiums.

As we have already said the statistics of the Imperial Office recently published refer to 1910 ; it is well to note that, in most of the German insurance societies, the solar year and the working year correspond : when this

(1) Geschäftsberichte des K. Aufsichtsamts, Berlin, 1912. p. 6.

(2) Versicherungsstatistik für 1910 über die unter Reichsaufsicht stehenden Unternehmungen. Berlin, 1912 (Guttentag).

principle is not followed, the Statistics give the data for the working year beginning in 1910.

The progress of the agricultural societies in the last five years from 1906 to 1910 has been subject to much fluctuation. The amounts insured in the livestock insurance societies increased in 1906 by 4.7 %, relatively to the preceding year ; in 1907 they decreased 1.2 % ; in 1908, 0.92 % ; in 1909 they again increased 7.6 % and in 1910 they increased 10.2 %. The amounts assured against hail fluctuated less appreciably ; between 1906 and 1908 they increased 4.7, 3.9 and 4.1 %, whilst in 1909 they decreased 1.9 %, to increase again 1.1 % in 1910.

We shall now examine these two classes of insurance more in detail.

§ 1. *Livestock Insurance.*

With regard to this class of insurance, the Statistics of the Imperial Supervision Office provide information with regard to 29 large mutual societies and 7 other businesses. The mutual societies insure against death of livestock generally, except that the Hanover Merchants' Mutual Society limits itself to insuring butchers' beasts. Besides insuring against death of livestock, eight societies also insure butchers' beasts, sixteen transact other insurance business also, whilst one, the Altenburg Society, besides insuring livestock, transacts the business of insurance against liability for damage to property, and the "Centralviehversicherungsverein," of Berlin, at the same time transacts the business of insurance against accidents caused by draught animals. The other businesses, not mutual societies, do not insure against death of livestock ; they all work exclusively in the field of insurance of butchers' beasts ; only the Hamburg and Altona Insurance Society, Ltd., and the Brothers Skriver's Butchers' Beasts Insurance Society of Hamburg also transact quarantine insurance business. The Silesian Butchers' Beasts Insurance Society of J. Priesemuth of Breslau also transacts short term insurance of horned cattle and domestic animals.

No livestock society limited by shares was working in 1910, and livestock insurance was not transacted by any foreign society.

In 1910 the amount assured in 36 businesses considered in the report was, altogether, 783 million marks ; of this amount 648 million were assured in mutual societies and 135 million in other businesses. The Mutual Societies alone resorted to reinsurance. However, as the report observes, also for these reinsurance is seen to be of only secondary importance, when we consider that the mutual societies in the year in question undertook reinsurance risks for about 2.6 million and transferred for reinsurance

about 7 million. So that about 640 million remained insured with them. The net premiums paid by the policy holders in all the societies considered and remaining to the account of the said societies, that is less the reinsurance premiums, amounted to 12,576,398 marks; this amount was made up above all of 6,878,554 marks, representing provisional premiums, 881,902 marks supplementary premiums, and 5,037,014 mks., fixed premiums, whilst the reinsurance premiums amounted to 221,077 mks.

The fixed premium contracts are generally for insurance of butchers' beasts, reinsurance, transport, quarantine, show, operation, pasturage insurance, etc., and other kinds of insurance classed as short term insurance.

The amounts paid in compensations amounted to 13,977,530 mks., without counting valuation expenses, but taking account of the increase or decrease of the reserve fund against losses, and including the price of the utilisable portions of animals. The Imperial Supervision Office has also made researches with regard to the most frequent causes of diseases among the animals insured, extending its investigations to 24 large insurance undertakings. The Quarterly Bulletin of the Office; in August, 1911 (1), published interesting statistics relating to the causes of losses suffered by the livestock insurance societies in 1910. It is there shown for example that in 1910 290.3 ‰ of the losses among the horses insured were due to diseases of the organs of locomotion and 99.7 ‰ to those of the organs of respiration, whilst, among the horned cattle, 318 ‰ of the losses were due to epidemic and infectious diseases, 206.2 ‰ to those of the sexual organs, and 152.2 ‰ to those of the digestive organs. The least frequent losses among horses were those due to diseases produced by animal parasites, (5 ‰), and among horned cattle to diseases of the skin (1.2 ‰).

The following table shows us the increase of livestock insurance since 1905, separately for the various kinds of animal.

(1) Veröffentlichungen des Kaiserlichen Aufsichtsamtes für Privatversicherung. No. 3, August, 1911. Berlin, Guttentag, 1911.

Working Year	Insurance against Death of			Butchers' Beasts' Insurance		Other Kinds of Insurance		
	Horses etc.	Horned Cattle	Pigs	Horned Cattle	Pigs	Horses etc.	Horned Cattle	Pigs
<i>Number of Animals Insured.</i>								
1905 . . .	234,112	141,766	164,672	520,258	1,397,999	12,367	72,802	231,034
1906 . . .	230,526	125,771	151,648	557,533	1,376,184	9,285	79,850	214,972
1907 . . .	219,332	108,938	178,079	557,935	1,564,674	8,702	78,650	167,478
1908 . . .	217,140	101,818	149,353	730,456 (1)	1,862,845 (1)	10,078	88,819	142,566
1909 . . .	214,183	92,524	153,335	817,252	1,862,784	14,446	96,703	159,037
1910 . . .	219,494	84,100	131,164	852,060	2,027,207	25,848	134,558	246,647
<i>Amounts assured, in Thousands of Marks.</i>								
1905 . . .	166,072	43,859	10,316	154,868	157,376	7,920	25,147	24,142
1906 . . .	167,942	40,593	10,108	175,714	163,398	7,683	29,003	22,061
1907 . . .	166,369	36,491	9,849	172,369	170,178	7,517	27,115	17,746
1908 . . .	166,283	34,417	7,677	199,761 (1)	202,261 (1)	8,923	28,769	12,273
1909 . . .	167,813	31,381	7,292	221,466	216,337	12,677	30,326	15,050
1910 . . .	175,001	29,052	6,432	244,852	232,181	19,759	48,315	25,980
(1) The increase is chiefly due to the data for the Silesian Butchers' Beasts Insurance Society of Julius Priesemuth, being shown for the first time.								

If we compare the data for 1910 with those for the preceding year, we find in the mutual societies an increase in the amounts assured of about 60 million marks (or 10.3 %); in the premiums of 0.184 million (or 1.6 %); in the claims paid, taking into account the proceeds from the sale of the utilis-

able parts of the animals, an increase of 0.183 million (or 1.6 %). The other classes of businesses also showed an increase relatively to 1909, in the amounts assured, and the premiums collected, as well as in the claims paid ; the amounts assured increasing by about 17 million (15.0 %), the premiums by 0.240 million (24.4 %) and the claims by 0.796 million (65.4 %).

The gross premiums collected by the cattle insurance businesses, in the year 1910 amounted to 12,797,470 marks. We have already seen that this amount is made up of provisional, supplementary and fixed premiums, but it is also interesting to observe that the supplementary premiums were 12.8 % of the provisional premiums, if all the insurance societies are considered generally, and 38.2 %, if only those are considered that had, above all in 1910, asked for supplementary premiums from their members. Some societies make a habit of insuring their members against the eventual obligation of paying supplementary premiums, but the premiums collected for this accessory insurance have not been shown separately in the statistical return of the Imperial Office, as it is estimated that they are generally passed on to other insurance societies as a sort of reinsurance and that they are consequently included in the data for these other societies.

On the other hand, the benefits received corresponding with this accessory insurance are included in the data for supplementary premiums.

The policy holders in the mutual societies and in the Silesian Livestock Insurance Society of Julius Priesemuth, are obliged to pay, not only the premiums but also the other charges, such as entrance fees, policy duties, etc. In 1911 these additional payments amounted to 384,095 marks, that is to say 3.3 % of the total amount of premiums collected and 5.6 % of the provisional premiums ; it must, however, be observed that, in the majority of the societies a percentage of the provisional premium collected is considered as a contribution by the member to the reserve fund, but this amount does not appear in the accounts as an additional payment, though having that character.

The proceeds from the sale of the utilisable parts of animals amounts to 4,491,951 marks, corresponding to 32.1 % of the claims remaining a charge against the societies. We must, however, observe, that, sometimes, in the returns consideration is taken not only of the proceeds really obtained or the minimum proceeds guaranteed under certain conditions, but often also, above all in cases of insurance against a diminution of value of the animal, the difference between the sum assured and the claim paid.

Valuation expenses amounted to 292,301 marks, corresponding to 2.1 % of the claims paid, including the proceeds from the sale; working expenses and taxes amounted to 2,913,949 marks, that is, 23.3 % of the premiums remaining to the account of the societies.

The Statistical Report with which we are dealing also publishes the balance sheets of the 29 large mutual societies, the following particulars of

which call for special mention: the capital invested by these societies in 1910 amounted to 3,768,845 marks; the credits liable to be called in to 2,355,360 marks, the cash in hand to 148,895 marks. On the other hand, among the liabilities we must note that the capital reserve fund, that is, the reserve fund prescribed by § 226 of the Commercial Code and § 37 of the supervision law, amounted to 2,249,088 marks, the special reserve fund to 135,080 marks, uncollected premiums to 1,154,122 mks., and the reserve fund to meet losses to 483,823 mks. These uncollected premiums and the reserve fund to meet losses are of course shown as net amounts, that is to say, except for the part reinsured.

The accounts show a total business of 6,378,696 mks. The capital was invested, 76.3 % in personal estate securities, 7.2 % in real estate, 16.3 % in mortgage loans, and 0.2 % in loans to public institutions. In comparison with the previous year, the mutual societies had at the end of 1910 76.821 marks more in mortgage loans, 230,045 mks. more in personal estate, (in a nominal value of about 241,000 mks.), and on the contrary the amount invested in real estate had diminished by 5,787 marks. Most of the personal estate securities consisted in National Bonds (of which an amount of 736,500 marks represented communal loans and 418,400 marks, Imperial loans; 823,300 marks represented *lettres de gages* and communal bonds), whilst the foreign securities only amounted to 11,650 marks. Most of the credits liable to be called in, that is to say 63.6 %, were premiums due and not collected (including also unpaid supplementary premiums); in some societies, as, for example, in the Perleberg Mutual Society and the Berlin Central Society, the credits to agents also represented large amounts.

Compared with 1910 the capital reserve funds increased by 49,637 marks (or 1.7 %) and the special reserve fund by 22,671 marks (or 20.2 %).

The preceding data refer, taken altogether, to the total business done by German livestock insurance undertakings. However, in 1910, as in the course of the previous year, five insurance societies extended their business to foreign countries, of which, one to Belgium, Luxemburg, Norway, Sweden, and Switzerland, two to Denmark and Austria. These societies at the end of 1910 had insured in these countries value to the amount of 3,630,793 marks. They had collected, 176,004 marks in premiums, and paid 129,579 mks. in claims.

Thus, the proportion of the amounts assured abroad in comparison with the total amounts insured, was hardly 4.6 ‰ in 1910; the percentage of the premiums was 14 ‰, and that of the claims 9.8 ‰.

The following table shows how the total premiums and claims paid by the German livestock insurance societies were distributed according to the classes of insurance and the various kinds of animals. We must consider all the figures given as gross amounts, that is to say, they include the portion reinsured. From the amount of the premiums no deduction has been made for later reductions, and the claims are those for losses occurring in 1910.

Progress made by Livestock

Kind of Livestock	Number of Head	Amount Assured	Premiums Collected	Number of Disasters	Amount of Claims including Proceeds from Sale	Proceeds from Sale
1	2	3	4	5	6	7
		Mks.	Mks.		Mks.	Mks.
<i>Livestock Insurance</i>						
Horses (Mules, Asses) . . .	245,353	194,770,771	7,224,102	13,405	6,182,579	874,891
Horned Cattle	1,070,718	322,219,769	4,007,940	71,532	6,103,669	2,844,196
Sheep and Goats	46,269	1,838,340	23,167	1,708	18,213	2,923
Pigs	2,405,018	264,592,747	1,572,913	61,153	1,866,096	764,401
Other Small Animals . . .	1,179	93,617	6,105	34	1,480	24
Total . . .	3,768,537	783,515,244	12,834,227	147,832	14,172,037	4,486,435
<i>Insurance Against Death</i>						
Horses (Mules, Asses) . . .	219,494	175,001,153	6,779,237	12,305	5,961,861	864,562
Horned Cattle	84,100	29,052,274	738,697	3,211	892,160	266,057
Sheep and Goats	4,837	180,316	9,869	307	9,269	712
Pigs	131,164	6,432,314	199,263	3,786	176,804	23,941
Other Small Animals . . .	487	68,120	5,147	28	1,229	24
Total . . .	440,082	210,734,177	7,732,213	19,697	7,041,323	1,155,296
<i>Butchers' Beasts</i>						
Horses (Mules, Asses) . . .	11	1,020	44	—	—	—
Horned Cattle	852,060	344,852,466	2,912,706	65,901	4,604,663	2,221,905
Sheep and Goats	39,467	1,489,152	11,429	1,386	8,067	2,208
Pigs	2,027,207	232,180,883	1,288,074	55,024	1,582,294	712,574
Other Small Animals . . .	1	9	1	—	—	—
Total . . .	2,918,746	478,523,530	4,212,254	122,311	6,195,024	2,936,687
<i>Other Kinds of Livestock</i>						
Horses (Mules, Asses) . . .	25,848	19,768,598	444,821	1,040	220,718	10,329
Horned Cattle	134,558	48,315,029	356,537	2,420	606,846	356,234
Sheep and Goats	1,965	168,872	1,869	15	877	3
Pigs	246,647	25,979,550	85,576	2,343	106,998	27,886
Other Small Animals . . .	691	25,488	957	6	251	—
Total . . .	409,709	94,257,537	889,760	5,824	935,690	394,452

Note. — The mark . indicates that the cases observed were less than $\frac{1}{10}$ %.

Insurance in 1910.

Average Amount		Proportional Amounts								
per Contract	per Claims less Proceeds from Sale	Number of Horned Cattle	Amount Assured	Prem-iums Collected	Number of Claims	Amount of Claims less Proceeds from Sale	Claims per 1,000 Head of Cattle Insured	Per 1,000 mks. Assured		Amount of Sales per 1,000 Claims
								Prem-iums	Amount of Claims less Proceeds from Sale	
8	9	10	11	12	13	14	15	16	17	18
Mks.	Mks.		Mks.	Mks.		Mks.	Mks.	Mks.	Mks.	Mks.
<i>Generally</i>										
794	396	65	249	563	91	548	55	37	27	142
301	46	284	411	312	484	336	67	12	10	466
40	9	12	2	2	11	2	37	13	8	160
110	18	638	338	123	414	114	25	6	4	410
79	43	1	.	.	.	.	29	65	16	16
208	66	1,000	1,000	1,000	1,000	1,000	39	16	12	317
<i>of Cattle (28 Mutual Societies)</i>										
797	412	499	830	877	628	866	56	39	29	145
345	195	191	138	95	163	106	38	25	22	298
37	28	11	1	1	16	2	63	55	47	77
49	40	298	31	26	192	26	29	31	24	135
140	43	1	.	1	1	.	57	76	18	20
479	299	1,000	1,000	1,000	1,000	1,000	45	37	28	164
<i>Insurance (16 Businesses)</i>										
93	—	.	.	.	—	—	—	43	—	—
287	36	292	512	691	539	731	77	12	10	483
38	4	13	3	3	11	2	35	8	4	274
115	16	695	485	306	450	267	27	6	4	450
9	—	.	.	.	—	—	—	111	—	—
164	27	1,000	1,000	1,000	1,000	1,000	42	9	7	474
<i>Insurance (19 Businesses)</i>										
765	202	63	210	500	179	389	40	23	11	47
359	104	328	512	401	415	463	18	7	5	587
86	58	5	2	2	3	2	8	11	5	3
105	34	602	276	96	402	146	9	3	3	261
37	42	2	.	1	1	.	9	38	10	—
230	93	1,000	1,000	1,000	1,000	1,000	14	9	6	422

We shall, finally, mention that the new Imperial law on livestock epidemics came into force on May 1st., this year, giving the owners a claim to State assistance in many cases when animals are slaughtered on account of disease or suspicion of disease. In conformity with this law, between April and September, 580 animals have been slaughtered in Prussia, valued at an amount of about 90,000 marks, and, taking into consideration the proceeds from the sale of the utilisable portions, the owners received 57,000 marks in compensation.

We may therefore foresee that the new law will contribute effectually to attenuate the gavity of losses and consequently to extend the development of cattle insurance.

§ 2. *Hail Insurance.*

In 1910 there were 5 hail insurance societies limited by shares and 15 mutual hail insurance societies subject to the supervision of the Imperial Office. However, the statistical return we are dealing with only gives information with regard to 12 mutual societies, as the other three are local societies.

Three of the twelve mutual societies considered in the return also insure buildings against the weather (wind, floods, etc.) or other extraordinary accidents, when the policy holder is obliged to maintain the building in repair or rebuild it. However, these societies keep the accounts for the various classes of risks undertaken separate, and consequently the figures given below refer exclusively to hail insurance.

No foreign hail society extended its operations to Germany either in 1910 or the previous year.

In 1910, the amounts assured were altogether about 2,879 million marks, for 464,185 policies, constituting an average of 6,203 marks assured per policy.

Still, it must be observed that in these figures are included about 159 million marks for 20,212 collective or communal policies, of which each is counted as only one policy whilst really there are 178,043 persons insured. Thus, the average amount assured per policy was 4,629 marks, whilst the average amount assured per collective policy was only 896 marks. We know, besides, that the object of these collective policies is to facilitate insurance for small landowners and farmers.

Of the total amount, 944 millions were assured in companies limited by shares, in 138,218 policies, with an average amount of 6,831 marks assured per policy, whilst about 1,934 millions were assured in amutual societies, in 325,967 policies with an average of 5,936 marks per policy.

The Imperial Office Report states that reinsurance has not assumed great importance; in fact, the five societies limited by shares had reinsured altogether about 70 million marks, and transferred for reinsurance about 60 millions, so that of about 1,014 millions assured, 953 remained with the societies.

The mutual societies had likewise reinsured about 11 millions and transferred 11 millions for reinsurance, so that out of 1.946 millions assured, 1,934 remained with the societies.

The net premiums collected, that is the premiums paid by the policy holders in 1910, less the reinsurance premiums, amounted in all to 46,425,478 marks, 10,061,300 mks. in the societies limited by shares and 35,463,978 marks in the mutual societies.

The claims paid out of the societies' own account, less costs of valuation, taking into consideration the changes in the reserve fund to meet losses at the beginning and at the end of the working year, amounted to 41,200,664 mks., 8,559,067 mks. paid by the societies limited by shares and 32,641,597 mks. paid by the mutual societies.

We may estimate the number of disasters altogether at 97,673, of which 34,591 affected persons insured in societies limited by shares, and 63,082 those insured in mutual societies.

The average amount of loss caused by each disaster was generally 422 marks; in the societies limited by shares it was 247 marks, and in the mutual societies, 517 mks.

The reductions of the claims amounted to 3,432,296 mks., 523,305 demanded by the societies limited by shares and 2,906,991 by the mutual societies. In the societies limited by shares, these reductions were made by means of the participation of the persons suffering losses in the valuation expenses; in the mutual societies 1,150,100 marks were paid as contribution to the valuation expenses, 1,732,587 mks. as contribution to the reserve fund, and 24,304 mks. for other purposes.

The Hail Insurance businesses have paid in claims, less the above deductions, the following amounts per 1,000 mks. of premiums collected.

	During the year				
	1906 m.	1907 m.	1908 m.	1909 m.	1910 m.
All the Insurance Businesses	901	868	928	516	887
Societies Limited by Shares	781	866	1,097	218	781
Mutual Societies.	917	868	875	736	920

Per 1,000 marks assured there were:

	in the year				
	1906 m.	1907 m.	1908 m.	1909 m.	1910 m.
Premiums in all Insurance Businesses. . .	13.20	13.45	16.01	8.68	16.12
" " " Societies limited by Shares	9.75	9.83	9.70	9.67	11.61
" " " Mutual Societies	15.78	15.93	20.18	8.07	18.33
Claims in all Insurance Businesses	11.89	11.67	14.89	4.48	14.31
" " " Societies limited by Shares .	8.46	8.52	10.64	2.10	9.06
" " " Mutual Societies.	14.47	13.83	17.66	5.94	16.87

Comparing the figures for 1910 with those of 1909, we find that the number of contracts has increased by 23,360, or 4.3 %, in the societies limited by shares by 3,528 or 1.5 %, and in the mutual societies by 19,832 or 6.4 %. The amounts assured increased altogether by 31,798 million marks or 1.1 %; the societies limited by shares experienced a decrease of about 102 millions (or 9.2 %), and the mutual societies an increase of about 134 millions (or 7.4 %). The net premiums, including supplementary premiums, increased in amount in 1910, in the societies limited by shares by 318,400 mks., or 3.0 %; in the mutual societies by 20,994,074 mks. or 145.1 %. The amount of the claims against the societies increased in those limited by shares by 6,243,526 marks or 269 %, in the mutual societies by 21,989,805 marks or 206.4 %.

The premiums collected by the societies limited by shares amounted in 1910 to 11,602,748 marks, of which 641,536 marks were reinsurance premiums.

The mutual societies collected 14,747,163 marks in provisional and 20,794,763 mks. in supplementary premiums; they reinsured 83,333 marks; the proportion of supplementary to provisional premiums was 141.0 %, and if we except a few societies demanding premiums after the disaster, according to what is called the distribution system, the proportion becomes 168.9 %. The statistical return we are dealing with provides no data in the case of hail insurance, any more than in that of livestock insurance, in regard to the additional insurance against the possibility of having to pay supplementary premiums, for the same reason as in the case of livestock insurance; in most cases, these premiums are transferred to other societies for reinsurance; so that the amount of such premiums is included in the data for those societies; again the benefits received on account of such additional insurance are shown in the figures for supplementary premiums.

In 1910 the additional payments of the policy holders, that is to say, the amounts paid by them in excess of their premiums, amounted, in the societies limited by shares to 117,206 marks (that is, to 1.0 % of the premiums) and consisted especially of policy duties; on the other hand, the persons insured in the mutual societies paid 1,888,263 marks (that is 5.3 % of the total premiums and 12.8 % of the provisional premiums). In their case, the additional payments were chiefly contributions to the reserve fund, in conformity with the rules, the amount of which contributions varies with that of the provisional premiums or the claims.

The costs of valuation of losses amounted in all, less the above mentioned reductions, to 1,770,990 marks (corresponding to about 4 % of the claims); in the societies limited by shares, these costs amounted to 645,591 mks. and in the mutual societies to 1,125,399 mks.

In the year 1910 three societies limited by shares had a profit of 787,027 marks and two a total loss of 561,638 mks. However, if we distinguish the profit on share capital from that on the working pure and simple, the profits of the first three societies are reduced to 379,558 mks. and the loss of the other two increased to 753,793 marks. Most of the mutual societies covered their losses in advance by recourse to their reserve funds or to supplementary premiums; however two of these societies, in the year under consideration, had a total profit of 63,564 marks and one had a loss of 50,969 marks. As the report shows, the very fact that the supplementary premiums form so large an amount relatively to the provisional premiums proves that the year 1910 was an unfavourable one for the German hail insurance societies.

The following table shows the progress made by hail insurance in Germany in 1910 and the proportion in which the various businesses contributed to it. The data given in this table refer to the extension of their business operations in the year 1910. It must be observed that communal or collective policies are counted as single policies.

Progress of Hail Insurance in 1910.

Insurance Businesses			Insurance Contracted Directly		Reinsur- ance Risks Under- taken	Total Amount of Business	Risks Trans- ferred for Reinsur- ance	Risks Remain- ing in own Account
No	Headquarters	Name	Number of Policies	Amounts Insured — Thou- sands of Mks.				
1			2	3	4	5	6	7
<i>Societies Limited by Shares</i>								
1	Berlin	Berliner H. A. G. . .	16,382	107,874	15,500	123,434	3,537	119,897
2	Cologne. . . .	Cölnische H. V. G. .	23,148	237,518	8,022	245,540	2,2547	222,993
3	Elberfeld . . .	Vaterländische H. V. G.	26,831	136,993	16,240	153,233	6,639	146,594
4	Magdeburg : .	Magdeb. H. V. G. .	55,574	272,817	19,853	292,670	15,487	277,183
5	Weimar. . . .	Union	16,583	188,990	10,358	199,348	12,030	187,268
Total . . .			138,218	944,192	70,033	1,014,225	60,290	953,935
<i>Mutual Societies</i>								
6	Berlin	Borussia	27,907	103,873	1,257	105,130	709	104,421
7	"	Ceres	32,384	102,007	—	102,007	—	102,007
8	"	Deutsche H. V. G. f. Gärtner	11,176	23,753	—	23,753	—	23,753
9	"	Norddeutsche . . .	179,832	954,253	—	954,253	—	954,253
10	"	Preussische H. V. G.	12,444	75,025	3,437	78,462	1,240	77,222
11	Greifswald . .	Greifsw. H. u. F. V. G. ¹⁾	3,733	91,619	—	91,619	—	91,619
12	Kiel	Schlesw.-Holst.-Lbg H. V. V.	1,965	22,953	—	22,953	—	22,953
13	Leipzig. . . .	Leipziger G. . . .	19,321	104,034	3,484	107,518	3,307	104,211
14	Neubranden- burg	Mecklenb. A. u. F. V. G.	4,061	99,863	—	99,863	—	99,863
15	Neustadt . . .	Holsteinischer H. V. V.	240	15,018	—	15,018	—	15,018
16	Oldenburg . .	Oldenb. A. V. G. . .	15,146	17,914	—	17,914	—	17,914
17	Schwedt . . .	Schwedter	17,758	324,685	3,290	327,975	6,213	321,762
Total . . .			325,967	1,934,997	11,468	1,946,465	11,469	1,934,996

(1) The data are for a period of 9 months, as the society has changed the terms of its working year, which formerly coincided with the solar year, to the period from October 1st. to September 30th.

It must be further remarked that two reinsurance societies, the "Münchener" of Munich and the "Süddeutsche" also of Munich, undertake hail risks. As the same Imperial Office Report shows, the total premiums collected by these two societies amounted to 6,135,412 marks, and this amount remained a charge against the two societies. The premium reserves and uncollected premiums at the end of 1910 amounted to 33,351 marks and the claims paid to 5,740,405 marks.

The accounts of the five societies limited by shares for 1910 showed a total of 34,167,697 marks, and those of the mutual societies a total of 7,642,535 marks. We must above all note the following figures:

	5 Societies Limited by Shares — m.	12 Mutual Societies — m.
<i>Credit.</i>		
Shareholders' or Guarantors' Bonds . . .	18,022,800	—
Invested capital	10,981,264	4,482,062
Credits liable to be called in	2,225,320	3,025,248
Cash in Hand	73,768	122,888
<i>Debits.</i>		
Share Capital or Guarantee Capital . . .	28,528,500	—
Capital Reserve	341,969	4,315,814
Special Reserve Fund	4,572,898	257,988
Reserve Fund against Loss	10,967	408,672

The fifteen million marks more or less of the capital of the insurance societies were invested as follows: 28% of the invested capital, in the societies limited by shares and 24% in the mutual societies were invested in real estate; 180% and 270% respectively in mortgage loans; the mutual societies invested 3% marks in loans to public institutions, whilst the societies limited by shares invested 18% in loans on pledge; the real estate represented 738% marks in the societies limited by shares and 596% in the mutual societies, the bills of exchange, respectively 31% and 90% and the mutual societies had invested 17% in various ways.

The personal estate securities form, as we see, the largest class of investments; the total amount of the real estate at the end of 1910 (nominal value) was 10,498,903 mks., of which 7,559,360 in societies limited by shares, and 2,939,543 in mutual societies. The mutual societies only own national personal estate securities (above all *lettres de gage* and communal bonds); on the contrary, the societies limited by shares also possess foreign personal

estate securities, and especially 38,160 marks securities in State or communal loans. Among the national securities possessed by the societies limited by shares, Prussian Government loans (to the amount of 2,876,400 marks), shares, to the amount of 2,762,000 marks and Imperial loans, to that of 1,427,000 marks, predominate. In comparison with 1909 the amount of real estate owned by German insurance businesses has decreased by 3,047 marks; the amount of mortgage loans, on the contrary, has increased by 323,800 marks, and the total amount of personal estate securities has also increased by 440,438 marks; on the other hand, the amount of loans on pledge has not varied.

The foregoing data all refer to the total business conducted in the territory of the Empire and abroad by German societies. In 1910, four societies limited by shares and four mutual societies extended their operations to foreign countries. One of these carried on business in France, Hungary and Switzerland, two in Russia and Luxemburg, four in Holland and five in Austria. The amounts assured abroad were about 19 million marks, that is 6.6‰ of the total assured by the societies; the average amount of a contract concluded abroad was 5,016 marks. The gross premiums collected in these foreign operations amounted to 378,955 mks., or 8‰ of the total amount of the gross premiums collected, and the claims paid to 300,781 marks, that is to say 7.3 ‰ of the total amount of the claims paid. We possess no data as to the reinsurance business transacted abroad by the two abovenamed reinsurance businesses. As we have already said, the year 1910 was one of those most disastrous in respect to hail, and the foregoing statistics, showing how the German insurance businesses have met the disasters and paid the farmers affected more than 41 million marks, are a sure proof of their good organisation.

INSURANCE

ITALY.

I. — CURRENT QUESTIONS.

Executive Regulations for the Law on the State Monopoly of Life Insurance.

Sources :

Regolamento per l'esecuzione della legge 4 Aprile 1912, No. 305 che reca provvedimenti per l'esercizio delle assicurazioni sulla durata della vita umana da parte di un Istituto nazionale delle assicurazioni, approvato con Regio Decreto 5 agosto 1912, No. 939. (*Executive Regulations for the Law of April 4th., 1912, No. 304, for the Transaction of Life Insurance Business by a National Insurance Institute, Approved by Royal Decree, August 5th., 1912, No. 939*). Published in the *Gazzetta Ufficiale del Regno d'Italia*, September, 7th., 1912 No. 212.

We have already treated in general outline the law of April 4th., 1912 (1), No. 305, for the transaction of life insurance by a State Institute enjoying a monopoly. We think it will be now useful briefly to summarise the Executive Regulations of August 5th., by which the date for the coming into operation of the above law is fixed for January 1st., 1913.

These regulations consist of 72 articles, in 7 parts, subdivided into various chapters.

Provisions for the administrative organization of the National Insurance Institute (2). — In the first article of the regulations it is first of all declared that the National Insurance Institute is a State Institute and must be con-

(1) *Bulletin of Economic and Social Intelligence* May, 1912. p. 53.

(2) *Istituto nazionale delle assicurazioni*.

sidered as such for all the purposes of the law, except as limited by any special provisions or modifications it may itself contain.

In the following articles the powers of the administrative bodies of the new institution are defined, beginning with those of the Board of Management. This is, as we know, composed of nine members. Four of them are elected among the functionaries of the State. The Minister of Agriculture, Industry and Commerce, and the Treasurer each choose two. Four other members are chosen from among those who, though not State officials, have given proof of technical and administrative capacity in institutes of issue, credit and thrift. The General Manager of the National Thrift Institute is a member of this Board.

The Board must discuss and decide on the rules relating to the organization of the Institute and the amendments to be made in them when necessary; on the foundation of branches, offices and agencies; on the premium rates for each form of insurance and the corresponding types of policy; on proposals for collective policies; on the internal administrative regulations; on the management and investment of capital; on the amounts to be set aside for the premium reserve and the guarantee reserve fund; on the accounts; on the share of the staff in the net profits and on the plan for distributing these profits among the employees of the administrative and technical departments, the agents and brokers; on the transfer of the papers of insurance companies, etc.

Then, in article 6, we find the powers of the general manager defined, he represents the Institute in law. He has also to carry out the decisions of the board of management and to direct the technical and administrative department.

The functions of the commissioners of accounts are discharged by a body composed of a Councillor of the Court of Accounts, a referendary of the Council of State, an inspector of the institutes of issue, or an official of the General Management of Thrift Institutions administered by the Deposit and Consignment Bank. The commissioners must, in agreement with the board of management, settle the form of the balance sheets; examine the books at least every three months so as to see what business has been done and to satisfy themselves that the method employed in writing them up is a good one; frequently make examination of the safes, without previous notice given, at intervals of not more than three months; verify, at least once a month, the documents and securities in deposit as shown in the Institute books; audit the accounts; make reports on them and present same to the Minister of Agriculture, for him to communicate them to Parliament as prescribed by the law, etc.,

Provisions relative to the Investment of Capital and the Collection of Premiums. — With regard to the investments of the premium reserve and all other available funds of the Institute, it is laid down in the regulations that,

in conformity with the obligation imposed by the law on private societies, the Institute must also invest at least half the premium reserve in Italian Consolidated Annuities or other securities issued or guaranteed by the Italian State.

The investment in urban real estate situated in the kingdom, which must be always free from mortgage or other burdens, may not exceed the tenth part of all the reserve funds of the Institute.

The fifth chapter, on the collection of premiums by the post offices or other public offices, contains two provisions, the object of which is to facilitate this service to the benefit of the policy holders. By the first, in fact, power is given to the persons insured in the Institute, to pay their premiums through the post offices. They will then be allowed a reduction of so much per cent, according to a proportion fixed in the rules. By the second, salaried employees of the State and State pensioners are granted liberty to have their premiums stopped from their salaries, wages and pensions, while a small reduction is made.

Government Supervision. — The Department of Agriculture, Industry and Commerce will exercise this supervision both over the National Insurance Institute and over the private societies authorized to continue to transact their business for the period of ten years, or limiting themselves to the conduct of operations in relation to contracts entered into before the coming into force of the law.

With regard to the National Institute, the Department of Agriculture, Industry and Commerce must:

1st. Examine whether the premium reserve has been calculated in conformity with the provisions for the purpose in the rules and examine the statistical and financial hypotheses on which the calculations have been based;

2nd. examine whether the capital of the Institute corresponds with the premium reserve and if it and the other funds are invested as the law requires; (1)

When the Minister thinks fit he may have inspections carried out at the headquarters of the Institute. An ordinary inspection must be made at least every three years.

With regard to private societies, in addition to the inspections it has the right to order, the Government may examine:

1st. if the calculation of the premium reserve has been accurately made;

2nd. if the available funds correspond with the premium reserve.

If it is found that the assets are insufficient and that the results of experience do not correspond with the hypotheses on which the calculation for

(1) See in reference to this, "*Bulletin of Economic and Social Intelligence*," May, 1912. p. 57.

the premium reserve was based, the Department may point out to the society the difference there may be, and invite it to make good the amount within a reasonable term. If, at the expiration of the term, the amount has not been made good and satisfactory explanations are not given, the Department shall denounce the society to the legal authorities.

Other provisions refer to the formation of offices of deposit of National Debt Securities, exclusively deposited in favour of the policy holders in the Deposit and Consignment Bank, as well as to the obligation for societies authorized to continue their work to forward to the Department a special list of the policies undertaken since the coming into force of the law.

Provisions relating to the transfer of papers to the National Institute by the private insurance societies. — This transfer is treated in the fourth part of the regulations.(1) It is there, first of all, provided that private societies must send in application within sixty days from the publication of the Royal Decree containing the rules to be applied in calculating the premium reserve. For societies that have made application to continue their business and have been refused authorization, the above term shall run from the date on which such refusal was communicated to them.

Transfer must be made in the case of all contracts in force on December 31st., 1911; but the Institute has also power to assume contracts undertaken after that date by societies that transfer their papers. In consequence of such transfer, which is exempt from registration and stamp duty, the Institute substitutes itself for the other societies in all their relations with the policy holders in connection with the transferred contracts.

Provisions relating to societies now transacting life insurance business and to the liquidation of the tontine societies. — To be authorized to continue their business for a maximum period of ten years from the 90th. day from the coming into force of the law, according to the conditions established by the said law, societies transacting life insurance business on December 31st., 1911, must make application to the Department of Agriculture within sixty days from September 7th., 1912, the date of the publication of these regulations in the Official Gazette of the Kingdom, attaching to their application a copy of each type of insurance contract it is their intention to undertake in the Kingdom and the premium rates corresponding therewith.

There are detailed rules for establishing the relations which will be formed between the authorized societies and the National Insurance Institute from the fact of the former reinsuring in the latter a proportion of the risks undertaken by them, that is, as we know, 40%. There is a provision of quite special importance, according to which these societies, whether national or foreign, must always keep to the rates approved by the De-

(1) See in this connection, *Bulletin of Economic and Social Intelligence*, May, 1912. p. 58.

partment, with no reduction, under any form whatever, whether it be that the agents and brokers give up a part of their commission, or that the dues and expenses be remitted, under pain of revocation of the Royal Decree of Authorization.

Tontine societies are forbidden. The Minister of Agriculture must, within the term of a month from the coming into force of the law, provide for the appointment of a Royal Commission for each of them. These Commissions must, within the term of ninety days from their appointment, proceed :

(a) to determine what portion of the capital is due to each participating member, taking into account the date of subscription, the amounts paid up increased by interest on them calculated on the basis of the average yearly return from the investments, and also his share in the profits through deaths and shares abandoned by members for each of the years during which he has been a member.

(b) to determine the capital of the association or business, and, in the case of foreign associations or businesses, the portion of the capital due to Italian members ;

(c) to determine the proportion of capital due on each share, taking account of the amounts now existing to the credit of the society.

The plan of distribution, including the above elements for its determination must be approved by the Department of Agriculture. The commissioners of the foreign associations shall then proceed to the ulterior operations of liquidation according to the rules indicated in the Commercial Code. Those appointed for the national associations shall provide for the publication of the plan of distribution in the Official Gazette of the Kingdom and in the official advertisement sheets of the Province. On the expiry of the term within which the present policy holders may present their applications for cancellation of policy, that is to say sixty days after the publication of the plan of distribution, the commissioner of each national association, assisted by a delegate of the National Insurance Institute and a delegate of the National Thrift Bank for Labourers' Old Age and Disablement, shall proceed, according to law, to divide the members into three groups, to include : members who have made application for cancellation ; members who are not labourers and who will be registered in the National Institute for a pension or deferred capital ; labourer members who will be registered in the National Thrift Bank. Among these three groups, the commissioner shall proceed to distribute the capital of the associations, in due proportion. The shares due to members who have had their policies in the national tontine societies cancelled will be paid, gradually, as the liquidation is carried out, into a credit or savings establishment in so many savings deposit books to bearer, paying interest. The bearer may freely receive the interest due. For members insured in the National Institute, the Board of Management

of the Institute has power to establish conditions of special rates, even if the members in question wish to pay higher premiums than those they were obliged to in their associations.

Provisions with regard to thrift banks and mutual aid societies. — In the third article of the law the thrift banks already recognised by Royal Decree are excluded from the régime of the monopoly. With regard to the application of this article, it is declared in the regulations that as such thrift banks must be counted those that have been formed of members of mutual aid societies, as well as such mutual aid societies as have among their objects that of insuring capital or pensions on definite technical principles.

But these institutions cannot undertake new forms of insurance, nor increase the proportion of capital or annuities assured beyond the limits laid down in the rules in force at the date the law comes into operation.

The law has also excluded from the régime of the monopoly mutual aid societies that do not aim at speculation and assure their members an amount of capital not exceeding 1,000 frs. or a pension not exceeding 400 frs. a year. Such societies as, at the date when the law comes into force, assure more capital or larger annuities than the limits assigned allow, may, by the regulations, continue to transact these forms of insurance business, provided that they pass separate insurance contracts in the name of their members with the National Insurance Institute for the difference.

II. — RECENT NEWS.

Miscellaneous Information.

1. — **The 6th. National Thrift Congress.** — This Congress was held in Rome from the 20th. to the 22nd. September, the Hon. V. E. Orlando in the chair. It was convoked by the Italian Federation of Mutual Aid Societies. Among the subjects treated we shall first of all mention: *Legislation in Aid of the Involuntarily Unemployed and the Insurance Institutes consequent upon it.* Prof. Arnaldo Agnelli presented his report on the subject. He also presented the following resolution: Considering that it is a public duty to foresee the economic and social evils which may result from the involuntary unemployment of the working classes and also to remedy these, the Congress desires, on the one hand, that interregional labour bureaux be founded, that temporary emigration be better directed, and that measures be taken to improve the general and technical education of labourers; on the other hand, that there should be insurance against unemployment and that the work of insurance should be entrusted to professionally organized labourers' associations. This resolution was passed with a few slight amendments and the desire was expressed that the State should occupy itself especially with the unemployment of season labourers.

The Engineer Guido Mikelli's report on the *Advisability of Sickness Reinsurance for Members of Mutual Aid Societies* was received with the same interest. The Congress approved his conclusions, giving the Executive Commission of the Italian Federation of Mutual Aid Societies instructions to make preparatory arrangements for the realisation of the idea by means of the foundation of a special organization answering the following conditions:

- (a) it must emanate from the National Federation or from provincial federations and operate exclusively with federated societies;
- (b) it must for a time conform to a system extending to the whole nation, and be subdivided into institutions of more limited area, self governing while keeping in constant relations with the central institution;
- (c) in its relations with policy holders it must work exclusively by means of the societies to which they belong;
- (d) it must also only reinsure members belonging to societies that make application, with no obligation of a collective bond;

(e) it must also eventually provide with the help of public and private institutions for an extensive work of prevention of sickness and treatment of the sick.

(f) it must undertake a part of the risk and also leave a part, even if very small, to the reinsured societies, at least for the first two years of assistance given.

(g) it must complete its system of sickness insurance with one of pensions for disablement, by means of a suitable understanding with the National Thrift Bank.

(h) it must have its own board of management appointed by the societies concerned and the federative institution must be represented on it.

The Hon. Mario Abbiate spoke on the *Relations between School Mutual Societies and Mutual Aid Societies*, and induced the congress to pass a resolution entrusting the Federation in question with the mission of instituting relations of this character between the mutual societies in one and the same commune with the object of realising :

(a) the free passage of former pupils from school mutual into adult mutual societies, with immediate entrance into the rights and duties of members, constituting for the purpose a *Young Men's Division* in the Adult Mutual Societies.;

(b) the collective undertaking of certain services by school and adult mutual societies ; for example, medical assistance and remedies ; prevention of certain diseases, temperance propaganda, professional education, etc.;

(c) the reinsurance of school mutual societies by adult mutual societies so as to increase and continue the subsidies granted in case of sickness.

To facilitate the carrying out of this programme, desire was expressed for the federation of the school mutual societies in a single national body making part of the above mentioned Federation.

The Hon. C. Romussi next spoke on the work done by the itinerant thrift lecturerships (1). He expressed the desire that the Department of Agriculture, Industry and Commerce should render possible, by its moral and material support, the foundation of a National Bureau of these Lecturerships, with the object : (a) of diffusing principles of thrift, co-operation and social health, by means of lectures, *comitati*, publications and shows ; (b) to promote the foundation of thrift societies, to supervise and control their development in order to give them a technical organization ensuring the fulfilment of the engagements undertaken by them ; (c) to co-ordinate the various forms of thrift in Italy and render it thus more efficacious and more fruitful.

(Summarised from *Co-operazione Italiana*, Organ of the Italian Federation of Mutual Aid Societies, Milan, No. 1,002, September 28th., 1912).

(1) *Bulletin of Economic and Social Intelligence*, January, 1912, p. 150.



2. — The New Rules of the Italian Federation of Mutual Aid Societies. —

In the Meeting of the 21st. September of the 6th. National Thrift Congress, held in Rome, of which we have already spoken in the preceding pages, some amendments to be made in the rules of the Italian Federation of Mutual Aid Societies were also discussed and approved. The foundation of this national federative institute, which has to-day 800 adherent societies (1) and has its head quarters in Milan, was decided upon at the 1st. National Thrift Congress, assembled at Milan in June, 1900. The rules were approved at the 2nd. Congress held at Reggio Emilia in October, 1911. They were already amended at the 3rd. Congress at Florence in June, 1904. New amendments became advisable owing to the necessity of giving a different organization to the directing bodies, in order to institute closer relations between them and the federated societies. It was besides desirable to work among the latter for the formation of provincial federations. In virtue of these amendments, the Italian Federation aims at "providing for the protection of the interests of the federated societies and contributing to the moral and economic progress of the working classes by means of thrift." With this object it specially proposes to itself:

(a) to work for the advance of mutual, thrift and co-operative institutes, and their transformation in order that they may correspond to the requirements and aspirations of the workmen; and to work in union with all associations for the improvement of the working classes.

(b) to plead for the adoption of a complete system of legislation to extend the benefits of the associations more and more.

(c) to maintain the rights of federated societies, by intervention in their favour;

(d) to maintain the spirit of association and thrift by means of publications, lectures, regional and national congresses and every means the law allows the Federation to employ.

All Italian mutual aid societies, whether constituted *de facto* or legally recognised, now existing or to be founded in the future, "provided they are inspired by the fundamental principles of mutuality and thrift," may be members of this Federation. In order to be registered they must pay a yearly subscription in advance. This subscription is 5 francs for societies with not more than 100 members, 10 frs. for those with not more than 500, 15 frs. for those with between 500 and 1,000 and, finally, 20 frs. for societies with more than 1,000 members. This subscription entitles the societies

(1) They are distributed in regions as follows: Lombardy, 237; Emilia, 112; Tuscany, 96; Piedmont, 76; Venetia, 70; Liguria, 52; Marches, 47; Calabria, 25; Umbria, 22; Latium, 17; Sardinia, 15; Abruzzi, 9; Apulia, 7; Campania, 7; Sicily, 6; Molise, 2; Basilicata, 1.

from the first to advice and moral assistance from the Federation in every circumstance and, further, they have the right to benefit by all the services the Federation establishes in the general interest, and to free advice in matters of law and administration. They may also avail themselves of the columns of the newspaper, *Cooperazione italiana*, the organ of the Federation widely circulated in Italy, for the discussion of questions of thrift and mutuality.

The Federation carries out its programme, by means of :

(a) the congress of federated societies, each represented by three delegates, meeting generally at least once in three years, in a town selected for the purpose. This congress especially discusses matters relating to studies or practical experiments for the moral and material progress of the working classes in respect to mutuality ; theoretical and practical questions of thrift; publication of good technical and administrative regulations for the various objects of the societies, etc. ;

(b) the meeting of Delegates, which represents the federation and is composed of a number of members, not fixed, elected by the congress, in the proportion of one delegate for twenty federated societies or fraction of twenty societies in a region. The delegates must be members of a federated society in the region they represent. They continue in office until the next congress. Generally, this meeting assembles twice a year and it has the right to express its opinion on all matters of principle, to decide on the foundation of special offices and services, in the interest of adherent societies, and to determine the moral relations of the Federation with foreign mutual organizations, etc. ;

(c) the Executive commission, composed of eight members, at least five of them residents of Milan, elected by the delegates' meeting from among the delegates. It generally meets every two months and must carry out the decisions of the congress, provide for the constitution of a permanent commission for legal consultation, treat with the State authorities in every thing relating to legislation on thrift, correspond with similar organizations abroad so as to profit by the studies and example of other countries in matters of mutuality, etc.

(d) the General Secretary, who is also general secretary of the National League of Italian Co-operative Societies, appointed by the general councils of the League and of the Federation of Mutual Societies in full assembly or by referendum. He is by right of office member of the meeting of delegates and of the executive commission and it is his duty to carry out the decisions of the executive commission and thus to direct and supervise the working of all the services of the Federation ;

(e) the College of Commissioners of Accounts, composed of three commissioners of accounts and two substitutes, appointed for a year at the delegates's meeting, with the duty of inspecting the books and the safe.

Finally, the Federation has, by virtue of its new rules, another important duty. Availing itself for the purpose of the work of the delegates in their own regions, it will promote the formation of provincial federations and will arrange so that all the federated societies adhere. These federations will work as institutions representing the National Federation in the various provinces.

(Summarised from the *Rules* of the Federation, amended by its General Council, August 25th., 1912).

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3, — **A Useful Initiative of the National Committee for Agricultural Mutuality.** — This Committee, as we know, came to an understanding last year with the General Management of Health for making the mutual cattle insurance societies so many centres of propaganda in the contest against contagious cattle diseases. Now to intensify this work of co-operation with the public institutions for the purpose, the Committee has decided to favour, in union with the agricultural institutions, the formation of provincial committees, not only for extending mutual societies and institutions for livestock improvement, but also to work, in one district after another, for the formation of groups of agents for the work of disinfection.

(Summarised from *Mutualità Agraria*, Rome, No. 16, September 15th., 1912).

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PART III.

CREDIT.

CREDIT

GERMANY.

CURRENT QUESTIONS.

Rural Credit in the German Colonies and its Future.

Sources :

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§ 1. General Considerations on Rural Credit in the Colonies.

It is evident that the problems of rural credit in the colonies, that is, in countries of an economic life and civilisation generally less developed than in Europe, must present themselves under other forms than in the

mother countries. Intensive cultivation, a very dense population, and the abundance of capital seeking investment in old countries, as, for example, in Germany, permit of a specialisation in the organization of credit, according to the form, the requirements, the term, and the kind of security on real or personal estate adapted to the most multiform needs. It is not the same in the colonies, which are often of very large area, of which perhaps only a part is subject as yet to cultivation rather of a very extensive character, with a sparse population of whites and generally a constant scarcity of capital. In this more primitive condition the same establishments or private creditors must often satisfy the demands on the one hand, of commercial and rural credit and of urban and rural land credit; on the other, the creditors cannot even, as an exception, distinguish between land credit, improvement credit and credit for farm purposes. But other distinctions are made. First, a difference must be made according as the applicant for the credit is a white or a native farmer. Then, which is more important, a difference must be made with regard to the security or pledge offered by the debtor to the creditor. Without distinction of the three above mentioned classes of credit, the creditor in the colonies generally requires for the security for his debt either a bill of exchange, a personal guarantor, or a mortgage, according to circumstances. It is evident that the security a planter, a stock farmer, or an agriculturist can offer must vary greatly. In plantation colonies, we must consider, for example, that the value of the soil often corresponds to three seasons crops; in grass country and steppes where there are large herds of cattle, the value of the poor soil will often be negligible in comparison with that of the animals, whilst in colonies where the basis of agriculture is irrigation and an intensive system of cultivation, the value of the soil will itself afford a very important guarantee.

§ 2. *What has already been done in the matter of Rural Credit in the German Colonies.*

In contrast with the great progress made by rural credit in Germany itself, it must be confessed that the colonies of the Empire are still almost virgin soil in the matter of organization of such credit.

It must be remembered, in the first place, that except in New Guinea, the Cameroons and Togo, where it is provided by the Colonial Companies, credit for native farmers hardly has a place at all in these colonies, but, in consequence of the still very primitive condition of their farms the natives, up to the present, do not manifest any great need for it.

Credit for white farmers is still little developed and above all little organised. As the confusion between the various classes of credit is infinitely

greater in the colonies than in the mother country, we must mention here certain colonial establishments, which, under the form of banks of mixed character or of commercial companies supplying goods, grant the farmer rather considerable loans and credits. The Bank of East Africa, the German Bank of Africa, the Bank of West Africa, the German Bank of Asia, etc. all establishments founded on the initiative of the large banks of the Empire, have a certain importance for personal credit. The only colony which has no bank of the kind is the island of Samoa. Of course the majority of these banks grant personal credit to farmers, but as the majority or a large part of these colonists is also engaged in other professions besides that of agriculture, as, for example, trade, it is difficult to say how far this credit may be considered purely rural. According to the estimation of Herr E. Woermann, the credits given by these banks and commercial houses are not a quite negligible quantity. In South West Africa alone he shows they amounted, in fact, to six million marks.

For personal credit to farmers a few rare savings banks may also have a certain importance, above all the co-operative banks, one of which, for South West Africa, exists at Windhoek, whilst another, for East Africa, has just been established at Tanga. Several of these banks and co-operative societies do not limit themselves to giving personal credit properly so-called, but also grant *long term loans on mortgage*. Among the banks that conduct this class of business, we must mention the German Bank of Asia at Tsing-Tau, which, however, only lends on urban real estate and the German Bank of Africa which grants loans up to the amount of 15,000 Mk., repayment of which cannot be demanded within a year, and later only after six months' notice, and which are extinguishable in annual instalments. The rate of interest on these loans is from $7\frac{1}{2}$ to 8 %, but they are only granted on the condition of the land being previously disencumbered of all charges due to credits for purchase and Government assistance.

There is still no organised *improvement* or *land credit* in the German colonies. Up to the present its place is supplied by the above semi-commercial credit and *State assistance*.

This assistance consists, on the one hand, in the purchase price or part of the purchase price of farms being credited to the colonists by the Government and, on the other, in assistance for improvement, to which may be added, as a third class, what is called the assistance to colonists, granted to the colonists after the native rebellion in South West Africa in 1904-1906.

1. With regard to the *purchase prices credited* by the Government to the South West African farmers, their amount on January 1st., 1911 was 2,668,839 Mk. The tenth part of the price of the land must always be paid at the date of the signature of the contract. The rest is paid after six years, in annual instalments. Meanwhile, the landholder must pass

a first mortgage on his land to the Government, for the amount credited to him.

2. The *assistance to colonists* cannot be of great interest for us. The amount of these loans on January 1st., 1911 was only 1,874,953 Mk. Loans had been granted up to the amount of 6,000 Mk. in each case, not at interest and repayable after 6 years, in annual instalments. They had to be secured on first mortgages or mortgages ranking first after those on which the credits for purchase were secured.

3. *Assistance for Improvements.* In the absence of an organised system of improvement credit, this assistance is of considerable importance, above all in South West Africa. Among the improvements contemplated first comes the supply of water for livestock improvers and agriculturists. For this object, the Government of South West Africa, for example, granted or spent directly, between 1900 and 1911, 4,300,000 marks, to which must be added the profits from a lottery which amounted to 755,000 marks, so that, in this colony, in 12 years the Government expenditure on irrigation and well sinking amounted to more than 5 million marks.

At Samoa the Government used to lend to farmers out of the public funds available. But as there were difficulties connected with this system, it had to be abandoned.

True rural land credit is already widely diffused in some of the German Colonies, as, for example, in South West Africa, but there is a want of suitable organization, in spite of the provisions approved at the German Colonial Congress of 1910, for an organisation adapted to the requirements. We shall give the following details in relation to this land credit. It is true that on January 1st., 1911, the land register showed a mortgage debt of 7,744, 529.70 Mk. on the 866 farms of South West Africa covering an area of 7,627.6 hectares, so that the average debt on each farm was 8,942.87 Mk. or 1.17 Mk. per hect. Of this total of 7,744,529.70 Mk., 4,543,793.81 Mk. represented balance of purchase price and the assistance to colonists already mentioned, the average amount per farm being 5,246.87 Marks. Only 3,200,735.89 Mk. represented other mortgages, of which a small part met the requirements of good long term land credit repayable in instalments. The majority of these mortgages were only mortgages given as security on which the farmers had to pay the ordinary rate of interest paid in the colony, that is from 8 to 10 %. As the security for purchase price credits and assistance to colonists monopolises first mortgages, the mortgages represented by these 3,200,000 mks. generally have a later rank, but, on an average, they do not exceed from 47 to 58 % of the amount of the market price of the real estate.

The importance of rural land credit in East Africa has up to the present been quite secondary. In that Colony the Government no longer sells land directly to the colonists ; it leases it to them. The colonist may later

on buy the land he has cultivated at the low rate of from 1 to 10 rupees per hectare.

§ 3. *Problems of Organization of Rural Credit in the German Colonies.*

We saw in the preceding section that there is still much to be done in the German Colonies in the matter of rural credit. There has for several years been no lack of proposals for the solution of this problem and for the organization of credit to the colonies. Not only unofficial writers, as, for example Herr Fuchs, in his pamphlet : " Proposal for the Colonisation of South-West Africa " (Berlin, 1907), but also large colonial and agricultural associations have attacked this difficult problem. And it must be hoped that after these long discussions and profound studies, first in South West Africa, and afterwards in the other German Protectorates, the credit establishments needed will soon begin to be founded.

Nowadays people generally are persuaded that the problems of rural credit for the colonies must be solved in another way than in the mother country, and that it would be well to utilise the experiences of the great colonising powers, above all of France, Japan and Great Britain, in their colonies.

For South West Africa, where the problem of the establishment of a credit institution is most urgent, the example of British South Africa may be insisted on, where the new Agricultural Bank has to meet requirements very similar to those of the German colony.

Among the many proposals made up to the present with a view to organizing credit in South West Africa we cannot omit to give in outline that set forth by Herr Fuchs in the above mentioned publication.

He desires a State Credit Bank with civil personality in common law, on the model of the German " Landeskreditkassen," of which we have spoken in previous articles. He wants the capital of this bank to be formed :

(a) by all the profits from sale and lease of lands by the Government of the Colony to the colonists being handed over to it.

(b) by means of long term loans at low interest, from the companies for sale of land, corresponding to a certain percentage of the profits on their sales.

(c) by means of the savings, repayments and other revenue of the assistance fund.

(d) by a foundation loan of from 1 to 2 million marks at 4 %, granted by the Empire by means of bonds.

(e) later on, as soon as the agriculture of the colony represents solid security, by the issue of *lettres de gage* corresponding to five times the initial capital.

Herr Fuchs wishes that the chief supervision of this institution should be entrusted to a State Commissioner and a Board of Supervision, consisting of farmers. In addition, the institution must be independent and not guaranteed by the State. The members of the board of management must not receive any salary. With regard to the loans to be granted, the bank must (a) give a land credit, at $4\frac{1}{2}$ -5 %, interest, up to 60 % of the value of the land. Fifty per cent of this loan must be secured against the possibility of foreclosure. The rest the lender must begin to repay after 3 or 5 years in annual instalments of from 1 to 2 %. (b) A redeemable improvement credit of 50 % of the costs of the improvements to be made must be granted at 5 % interest.

We have given the details of Herr Fuchs' proposal first of all, as it is one of the first elaborated in the colony and then, also he has many partisans among the South West African farmers.

From the discussions of the Colonial Committee and of the Board of Agriculture we find that the persons competent have decided to utilise as basis of the organization of credit as many as possible of the existing institutions, that is to say, above all, the land registers, the co-operative societies and irrigation corporations in common law.

It is above all hoped that it will be possible to make considerable use for this purpose of the co-operative societies, which have already made sufficient progress.

1. With regard to *personal credit*, it is no longer considered necessary to found special establishments for the purpose. To a certain extent the banks will be able to continue to grant such credit. Amongst these in the future the South West African Bank and the Commercial Bank of East Africa will have a certain importance. The greatest defects of this credit system are that the rate of interest is too high and it is often necessary for the farmer to guarantee payment on mortgage. Competent authorities are agreed that the remedy for this would be the introduction of credit secured on crops. According to the German law in force, such a guarantee, by means of produce not yet harvested is not admissible. In spite of the legal difficulties, it will, however, be better to initiate in this matter the French laws. In the colonies of that Power, experience of this class of credit has given good results, and it may be expected that considerable advantage may be derived from it above all in German East Africa and the island of Samoa. In the other colonies this personal credit must be left in the hands of the co-operative societies already thriving or in course of formation. Just as in the mother country, these societies will be greatly encouraged by

subventions or loans from Government on easy terms. As the attempts to found a rural bank in Samoa have not succeeded, it has been proposed to found an institution resembling that of the Tahiti Agricultural Bank.

2. *Improvement credit* is evidently the class of credit which has the greatest future before it and the greatest need of development in the German colonies. Whilst in many colonies and above all in South West Africa it is precisely improvements (irrigation, etc.), which give value to the land, it will be well to unite in institutions for credit improvement also a large part of the land credit and a certain proportion of the personal credit. When these colonies have not the capital available, it is evident it must be provided by the mother country. As private capitalists will hardly be ready to furnish sufficient sums, the creditor will be principally the Government. Loans extinguishable in instalments will be guaranteed on mortgage. It has been proposed to grant these loans in proportion as the soil gains in value by the improvement, and to mortgage up to a maximum amount of half the value. A very delicate point in the organization of this credit is the supervision of the investment of the funds advanced. As the land serving as security for the creditor has only a very small value in itself, the institute runs the risk of heavy losses through negligence or dishonesty on the part of the debtors.

So it has fortunately been decided to make use of the co-operative societies as intermediaries or responsible supervisors. For certain work, as, for example, irrigation, it has even been proposed to found a special company to undertake it, which will receive the loan granted to the farmer in instalments from the credit institution. For large reservoirs, finally, the direct co-operation of the Government will be indispensable and the law must intervene to compel the association of the parties concerned in co-operative societies.

3. *Land credit*. Whilst with respect to the two other problems of credit, that is of improvement and personal credit, an agreement has been come to as to the general lines of the organization, in the matter of colonial land credit, there is a chaos of different opinions and proposals. On the part of the capitalists (Dr. Salomonsohn and E. Woermann), it is denied that colonies like South West Africa still have need of land credit. After estimating the mortgage indebtedness and the present market price, they say that the real estate has no need of land credit but only of improvement credit. As to the proposals for the foundation of land credit institutions, it seems that purely capitalist businesses, for example, mortgage banks, will hardly be ready to devote their energies to the colonies. Among the different forms of credit institutions that may be chosen, we must mention (α) a State institution, (β) a mortgage bank [subsidised and guaranteed by the State, (γ) a land credit co-operative society (Landschaft).

Although the form to be adopted in South West Africa and later on in East Africa, is not yet finally decided upon, we know at least that the German Government and Board of Agriculture are agreed in desiring institutions in common law issuing *lettres de gage*. In South West Africa, the Colonial Council has submitted a proposal and the regulations for such an institution to a special commission. Discussion on the subject was commenced on October 1st., and as, in addition, an Imperial Parliamentary Commission on the Estimates has expressed a desire that from the beginning of 1912 the Federated Governments should set apart the proceeds from the sale of land in South West Africa for the foundation of a land credit institution, it is to be expected that the interesting problem of colonial credit will soon find its solution in the two large German African Protectorates.

CREDIT

BELGIUM.

CURRENT QUESTIONS.

Land Credit in Belgium in the Two Years, 1910-11.

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§ 1. Agriculture and Land Credit in Belgium.

Land Credit properly so called, that is, land credit, which, through the medium of special organizations, offers the borrower the possibility of paying off his debt in a given period of time by means of sinking fund instalments, has attained but limited importance for Belgian agriculture.

The various mortgage banks in the kingdom (1) either give little or no credit on rural land, as, for example, the *Caisse des Propriétaires* (Landholders' Bank), or if they do give credit, it is only to a limited degree, as is the case with the *Crédit Foncier de Belgique* (Belgian Land Credit Institute), and the *Caisse Hypothécaire Anversoise* (Antwerp Mortgage Bank). Their field of action is restricted entirely or for the most part to urban centres.

This is due to many causes. If rural property does not suffer from the lack of capital complained of in other countries and if the habit of saving is widely diffused even among the small landholders (2), who are so numerous in Belgium, it is certain that the land is still heavily burdened. There are no precise statistics of the rural indebtedness of the kingdom; but according to recent special reports, like that of Denis, the mortgage debt would amount to 950 million francs or almost an eighth of the value of the land. The principal grounds on which loans are granted are the purchase of land by persons who only possess a part of the necessary capital, building, the paying out of co-heirs in order to obtain possession of the whole estate and to avoid its subdivision. Now, this debt is entirely formed by ordinary loans stipulated on the condition of full repayment.

Belgium is known to be par excellence the land of small farmers (3): Average sized and large farms are not wanting, especially in the Coudroz, the Campine, the Polders, etc., but generally small holdings farmed by tenant farmers (4) largely prevail.

The proprietors of small and medium sized estates, desiring to contract loans, by preference apply to the capitalist of the village, a friend, a member of their family or a notary, and rather submit to burdensome conditions than apply to land credit institutes at a distance which insist on special information being furnished and the completion of numerous formalities. These are the general causes that in almost every country inter-

(1) Many Belgian Mortgage Banks carry on operations abroad, especially in South America and Egypt.

(2) The 333 rural banks of the Boerenbond have altogether more than 60 million francs in deposits.

(3) The agricultural census of 1895 showed that of 829,625 farms then existing, 93 % did not exceed 10 hectares in area: the agricultural statistics of 1909, which do not take account of farms of less than a hectare, show that of the cultivated area of Belgium (1,769,441 hectares), 26.97 % is occupied by farms of from 1 to 5 hectares, 51.44 % by those of from 5 to 30 hectares, 21.59 % by farms of over 30 hectares. Small farms specially prevail in East Flanders, where 85 % of the cultivated area consists of farms of from 1 to 20 hectares. Very small farms are also very numerous: those of less than 50 ares form 53 %. They are worked by labourers, and therefore are found in large numbers in the industrial centres of the provinces of Hainault, Liège, etc.

(4) It is calculated that, exclusive of forests and uncultivated land, 2/3rds of the land cultivated is worked on the hire system.



Streifenkrankheit der Gerste
verursacht durch *Helminthosporium graminum* Rabh.

fere with the development of agricultural land credit and have induced Governments and associations to found special institutions to overcome the difficulties. Without referring here to the Prussian *Landschaften*, we shall remind our readers how France has recently instituted long term agricultural credit, on the basis of co-operative institutes financially supported by the State.

The question has been long under discussion in Belgium also. Many proposals have been made with a view to the organization of a system of land credit to meet the requirements of agriculture for the consolidation of rural landed property and the encouragement of its dismortgagement. The present system of inheritance indeed is a constantly increasing menace to small estates through excessive subdivision of the land.

An attempt was made in 1850 by Frère-Orban, then Minister of Finance. But his bill for the "Institution of a Land Credit Bank," a large mutual semi-official association of borrowers, passed by the Chamber, was withdrawn in 1854 on account of opposition in the Senate.

In order to favour dismortgagement, in 1896, M. de Smet de Naeyer, Minister of Finance, presented a bill granting a considerable reduction of the charge for registration, in consideration of payment, through a substitute, the General Savings Bank, of the mortgage debts repayable at fixed date, when the new loan contract was passed on the condition of extinction of the debt by annual instalments within thirty years.

If these proposals never passed the stage of bills, a practical experiment due to private initiative has been made and seems to have led to happy results: this originated with that *Peasants' League* (*Boerenbond*) which is, as we know, the most important co-operative and mutual institute in Belgium. The Central Credit Bank, belonging to it, in 1904 founded a *Land Credit Section*, to offer the farmers long credit on the basis of the co-operative principle and decentralisation.

After having thus briefly noted the importance of land credit for Belgian agriculture, we shall now deal with the results obtained by the institutions granting it, namely, the two mortgage Banks engaged in rural land business, the *Crédit Foncier de Belgique*, and the *Caisse Hypothécaire Anversoise*, and a co-operative institution, the *Land Credit Section of the Boerenbond Central Bank*.

§ 2. Land Credit provided by the Mortgage Banks in 1910-11.

(A). — Belgian Land Credit Institute.

Constituted in January 4th., 1835, with a capital of 5 millions, under the name of *Mortgage Bank*, this limited liability society, when in 1886 it modified its rules, assumed the title of *Belgian Land Credit Institute*. It has its headquarters at Brussels: its capital has been raised to 15 million

francs, in 15,000 shares of 1,000 frs. each. The object of the society is to grant loans on mortgage extinguishable either by means of annual sinking fund instalments or by simple repayment, but in the latter case within a period not exceeding 5 years. The amounts of the annual instalments and of the interest are fixed by the Board of Management. The society issues and negotiates bonds, the total amount of which may never exceed that of the sums lent and secured on mortgage. To give the bondholders greater confidence, the rules establish that deductions must be made from the profits, so long as the paid up capital, the ordinary reserve fund and the thrift fund do not constitute at the closing of each year's accounts, at least the fifteenth part of the bonds then in course.

The society is managed by a President, appointed by the shareholders for 6 years, and a Board of Management consisting of the President and from 4 to 7 managers, elected at the General Meeting. The supervision is entrusted to a Board of Commissioners, composed of from 7 to 15 members appointed at the meeting from among those bond holders who have paid up at least 10,000 francs.

The net profits are divided as follows :

First, 5 % to the ordinary reserve fund until it amounts to the tenth part of the capital. The assignment of this amount, as we said above, shall be obligatory until the ordinary reserve fund, the paid up capital, and the thrift funds together amount to the 15th. part of the amount of the bonds in course.

From the remainder must be deducted the amount to be distributed among the shareholders as first dividend, in the proportion of 4 % and 3 % to those who have paid up their shares in full. The rest is distributed as follows: 4 % to the President; 1 % to the other managers; 2 % for the formation of a fund for assistance and pensions to employees, and for distribution among these in a proportion established by the Board of Management; 2 % to the thrift fund to meet eventual losses. This deduction will cease to be compulsory when the fund attains the amount of the tenth of that due from the borrowers at the close of the preceding working year. The surplus, finally, is distributed as a second dividend of equal amount on each of the 15,000 shares forming the capital of the society.

As to the nature of the loans granted by the Land Credit Institute, the statistics do not permit of our distinguishing between the urban and rural real estate business, nor to estimate consequently the importance the Institute has attained for the agricultural economy of the country. The Board of Management to which we applied directly, courteously replied that it cannot give us the information we require, as the urban and rural real estate business is carried on under the same conditions, and the operations entered to the same account, without any classification.

If, however, we have not been able, to learn even the approximate proportions of the loans on rural real estate, the management has informed us that the operations of this character conducted by the Institute are very numerous and represent a very large sum .

After now having examined, the organization and the character of the Land Credit Institute, we shall here give some account of its work in 1911.

In that year the number of loans granted were 1,033 (1,035 in 1910), for an amount of 16,991,700 (18,578,000 in 1910): deducting the annual instalments repaid and the repayments made before maturity, the amount of credits guaranteed on mortgage remaining on December 31st., 1911 was 103,005,088 (100,253,430 in 1910). This amount was divided as follows :

Loans repayable in instalments	frs. 98,875,933
Loans repayable in a lump sum	„ 4,129,155
	frs. 103,005,088

In consequence of issue of bonds for the amount of frs.14,962,378.20 and repayments collected, the amount of the bonds current was frs. 95,450,531.95, with an increase of 3,354,578.20 on 1910.

The 1,033 loans made in the course of the year consisted of :

635	loans of a maximum	of frs. 10,000 and frs.
225	„ „ between	„ „ 10,000 „ „ 20,000
112	„ „ „	„ „ 20,000 „ „ 50,000
26	„ „ „	„ „ 50,000 „ „ 100,000
15	„ „ over	„ „ 100,000

1,033

317 loans of an amount of fr. 4,823,000 were granted to facilitate building and purchase of rented houses.

The society had no occasion to resort to legal proceedings for the defence of its rights against borrowers.

The reserve fund on December 31st., 1911 amounted to 2,046,917 frs. (2,046,657 in 1910), the thrift fund to frs. 1,681,345 (1,206,888 in 1910).

The net profits realised in the course of the year 1911 amounted to frs. 1,148,581.79, exceeding by 76,132.66 frs. those of the preceding year.

They were divided as follows :

I. — *To Shareholders ;*

First dividend on paid up capital frs. 215,899.60

Second dividend of 36 frs. on each of the

15,000 hares „ 540,000.00

frs. 755,899.60

II. — *To Thrift Fund* „ 299,413.99

III. — *Share of the officials :*

The Board frs. 74,614.56

The Staff „ 18,653.64 „ 93,268.20

Total frs. 1,148,581.79

(B). — *Antwerp Mortgage Bank.*

The *Caisse Hypothécaire Anversoise* is a limited society founded at Antwerp, August 27th., 1881 ; its object is to make loans in money and to open credits secured on mortgage or deposit of negotiable paper ; granting the borrowers power to extinguish their debt by means of annual payments or by means of payment in a lump sum within a specified term.

The bank grants loans both on urban and rural landed property and especially for purchase or construction of buildings. For this purpose it issues bonds redeemable at par.

The society is managed by a Board of Management, consisting of 4 members appointed at the meeting for four years ; these choose a President and a Secretary from among themselves. The Board may delegate the management of its business to a Director. The supervision is entrusted to two commissioners appointed by the meeting, who must hold at least 15 shares.

From the profits of the society first of all deduction is made of 4 % interest on the paid up capital ; the rest, which is the net profit, is distributed as follows : 20 % to the reserve fund ; 15 % to the Board ; 2 % to the commissioners ; 3 % to the employees, according to their deserts ; 60 % to the share holders in proportion to their shares. The general meeting may, however, establish that a part of this last amount may be assigned to one or more of the following : reserve fund, sinking fund, or depreciation fund.

The deduction for the reserve fund ceases to be compulsory, when the fund amounts to the tenth of the share capital: in that case the amount is added to the proportion assigned to the shareholders.

Several years since the society founded a Savings Bank.

After now having briefly treated the organization of this society, we shall give some details as to its working in 1911. It will be well however to observe that it also, like the Belgian Land Credit Institute, makes no distinction between the urban and rural land operations.

To our special inquiry if we could not be supplied approximately with the proportion of the latter class of operations, the Board of Management of the Society courteously replied that it was not in a position to satisfy us in the matter.

The financial statement of 1911 showed a total business of 147,468,660 frs. The mortgage *loans* granted during the year amounted to 20,829,276 frs. (19,609,375 frs. in 1910): the total amount of the loans current on December 31st., 1911 was 129,833,115 frs. (119,729,695 in 1910). The *bond* and savings bank account appeared as 125,034,785 frs.

The *profits* for the year were 1,095,920 frs. (992,666 frs. in 1910). The *dividend* paid to shareholders, in addition to 4 % on the paid up capital, was 25 frs. The interest on capital was 14 %, The amount of 13,928 frs. was placed to the *reserve fund*, which thus became 3,446,089 frs.

§ 3. *Land Credit on a Co-operative Basis: The Land Credit Section of the Boerenbond* [Central Agricultural Credit Bank.

(A) — *Organization:*

The reader of our Bulletin (1) will know that the Central Bank of Agricultural Credit at Louvain is the federation of the rural banks belonging to the *Boerenbond*, the famous Peasants' League of Belgium. This Federation includes 333 local banks: on December 31st., 1911, the capital serving as guarantee was 5,202,000 frs. In April, 1904, it organized a section to grant land credit to the holders of small and medium sized farms. For the purpose it issues land bonds at 3¼ % interest. These are not negotiated on the Exchange but up to the present have always been repurchased at nominal value by the Bank itself, which sells them again or keeps them as capital entrusted to it by the local banks.

The bonds are issued as the loans are granted. These loans, the duration of which may not be more than 29 years, are made in two ways: either through a Raiffeisen Bank, or directly by the Central Bank itself.

(1) See Nos. August, 1911. p. 206 and March, 1912. p. 63.

The first of these methods is always adopted when there is in the commune the borrower inhabits a rural bank affiliated to the Central Bank. The latter is only a federation of local banks ; and cannot therefore compete against its members. The farmer applying for a loan must answer a schedule of questions demanding detailed information as to the civil status of the applicant, his legal position, the nature of his real estate, the term, purpose of the loan, etc. and provide various documents (title deeds, extract from the cadastre). In view of the interest this type of co-operative land credit may arouse, we think it well to publish as an appendix to the present article, the above questions, of which the Board of Management of the Central Bank has kindly furnished us with a copy.

Applications for loans are examined by the Rural Bank, taking special account of the goods, offered as security, and, when necessary, it subjects them to examination by experts. If the result is satisfactory all the documents are forwarded to the Central Bank, which carefully re-examines them on its own account, and if necessary asks for explanations from the local bank. When the application is granted, the Central Bank sends the money to the rural bank, which arranges the contract in the presence of a notary selected by the borrower. The loans cannot be for more than 29 years. The local banks lend up to $\frac{2}{3}$ of the value of the real estate, at $3\frac{3}{4}\%$: for a loan for 29 years the annual instalments to be paid will be 5.71% .

Payment of the annuity with interest and sinking fund is made every six months : however, repayment of the loan, in part or in full, before maturity is allowed.

The local bank pays the Central Bank $3\frac{1}{2}\%$ interest on the amount received as well as the usual sinking fund, and eventual repayments made before maturity.

There are, however, many communes where there is no Raiffeisen Bank affiliated to the Central Bank. In the case of such communes the farmer must apply directly to the Central Bank and answer the usual schedule of questions: the Central Bank must then arrange for the valuation of the real estate given as security, by persons of trust. The operation now becomes more difficult: in fact, there is no intermediate institution offering a secure guarantee for its work, by its decentralised and co-operative nature. The members of the local bank are unlimitedly jointly and severally liable for the loan business, and they have therefore every interest in using the greatest circumspection in making the valuation.

For these reasons, and at the same time in order to encourage the foundation of new rural banks, the Central Bank only lends up to 60% of the value of the real estate directly, and at 4% . For a loan of 29 years the annuity with sinking fund is altogether 5.88% (5.71 in the first system).

For the term of the loan and conditions for repayment, the same principles apply as in the first system.

The organizers of the Boerenbond point out the advantages that this land credit system presents as compared with that of ordinary institutions: except for the element of decentralisation, the securities offered to the bond holders are here more solid. In banking institutes the above security is represented by the share capital, the reserve fund and the limitation of the issue of bonds to the amount of the credit given on mortgage. Here, in addition to all these, we find other special guarantees: 1st., the loans are guaranteed by goods valued by persons whose interest it is that the valuation be fair, since they are jointly and severally liable to an unlimited degree: 2nd., the capital increases at the same time and as a consequence of the land credit operations conducted by the affiliated banks. In fact, these obtain the funds they require from the Central Bank, on the condition that for every 1,000 frs. of credit opened to them, they subscribe a share of 100 francs; 3rd., finally, the strongest guarantee consists in the unlimited joint and several liability of the members of the local banks. And the loans contracted through them are the most numerous.

B. — *Results.*

In the seven years of its existence, the land credit section has given very encouraging results. On December 31st., 1911 it had granted, through the local banks, 445 loans for an amount of 2,172,495 fr.; and directly, 270 loans for 199,125 frs.: altogether 715 loans for 3,371,620 frs. The greater part of these loans were for the purpose of purchasing land and buildings, for building houses and for the repayment of old debts.

In 1911, the section granted, through the local banks, 94 loans on land for 434,850 fr. and directly, 36 loans for 132,975 frs.

We shall now give a glance at the distribution of these loans according to their amount and the term for which they were granted.

In the absence of a detailed report for the year 1911, we shall here give the figures for the whole of 1910. The loans granted that year, through the local banks (351 for 1,737,645 fr) and directly through the Central Bank (234 for 1,066,150 fr.) were distributed as follows, according to their amount.

Loans			Through Local Banks		Directly
From	1 fr. to	1,000 frs.			
			67		31
„	1,000 frs. „	2,000 „	99		65
„	2,000 „ „	3,000 „	67		52
„	3,000 „ „	4,000 „	40		22
„	4,000 „ „	5,000 „	18		19
„	5,000 „ „	10,000 „	28		21
above		10,000 „(1)	33		24(2)
			357		234

(1) Three of these were for more than 50,000 frs.; the largest was for 180,000.

(2) Two of these were for more than 50,000 frs., the largest for 80,000.

With regard to their term the loans may be divided as follows :

Loans —	Through Local Banks —	Directly —
From 1 to 15 years	39	77
„ 16 „ 25 „	97	53
„ 26 „ 29 „	215	104
	351	234

The borrowers often choose a late maturity in order to diminish the annual burden, showing that they can arrange repayment before due without any further expenditure.

The annuities are regularly paid and the unmatured repayments are very considerable.

APPENDIX.

Schedule of Questions of the Land Credit Section of the Boerenbond.

Questions :

1. Names, surnames, professions and domicile of the applicant for the loan, and of his wife.
2. May the applicant engage his real estate ?
3. Age :
 - (a) of the applicant.
 - (b) of his wife.
4. What is the amount asked for ?
5. For how many years is the loan desired (1 to 29 years).
6. A. Description of the mortgage security: Forward titledeeds (deeds of purchase, division of property, gift, etc). Indicate clearly the nature, situation and area of the real estate offered as security.
 - B. In case of a recent purchase, attach a certificate from the notary, stating the nature, situation and price of the real estate.
 - C. Indicate clearly the origin of the property (how the applicant came into possession of each holding).
7. Extract from the cadastre (to be obtained from the director of the cadastre of the province in which the real estate is situated).
8. Estimation of the real estate offered as security (separate valuation of land and buildings).

9. Are the buildings insured against fire ?
In what society ?
If they are, attach policy.
10. Mortgage certificate showing the real estate is unencumbered.
(This certificate must be obtained from the Mortgage Registrar of the arrondissement in which the estate is situated).
11. Object of the Loan :
- (a) Is it for repayment of a debt ?
 - (b) for improvement of a landed estate ?
 - (c) any other purpose ?
12. If the loan is applied for in order to pay off a debt, attach receipts of payment of interest for the last four years.
13. (a) Is there a marriage contract ?
(b) If so, attach it to the other documents.
- Is the husband } still alive. If not, give date of decease and names
,, ,, wife } of heirs.
- If the husband is dead, are there minor children ?
14. In presence of what notary does the applicant wish the deed of loan signed ?
15. Any other useful information.
-

CREDIT

COSTA RICA.

CURRENT QUESTIONS.

Foundation of the "Mortgage Bank," and Government Action in Behalf of Agriculture.

Sources :

Official Publications :

- Report of the Hon. Alfred Gonzalez, Vice President of the "Congreso Costitucional" on the Bill of June 22nd., 1912 for the Foundation of the "Mortgage Bank," (published in the *Gaceta-Diario-Oficial*, June 29th., 1912, No. 145).
- Decree No. 62 of the "Congreso Costitucional de la Republica de Costa Rica", for the foundation of the "Mortgage Bank," (in the *Gaceta-Diario-Oficial*, August 15th., 1912).
- Publications of the International Institute of Agriculture. *Annuaire Internationale de Statistique Agricole*, 1910. Rome, 1912.

Other Publications :

- COSTA RICA (in the *Bulletin of the Pan American Union*, July, 1911, pp. 81-99).
- Comte M. de PERIGNY. *Les Cinq Républiques de l'Amérique Centrale (The Five Republics of Central America)*, Paris, Roger. (Not Dated).

By Decree of August 14th., 1912, a Mortgage Bank was instituted in the Republic of Costa Rica, for the purpose of facilitating long term loans on mortgage and their repayment, in instalments together with interest and sinking fund. For the purpose, the mortgage bank is authorized to issue land securities guaranteed on mortgage on the estates offered in security by the persons applying for loans.

The Republic of Costa Rica thus adds one more to the number of States which have decided to intervene directly — by measures of which we shall

treat hereafter — to place at the disposal of the farmer the funds he requires, endeavouring to induce the foreign countries that have large reserves of money to invest it in land in Costa Rica.

But before speaking of this Bank, it is well to give a glance at the conditions of agriculture in the Republic and the demands the new decree is intended to satisfy.

The Republic of Costa Rica has an area of 54,000 square kilometres and a population of about 380,000 inhabitants — a number for inferior to that the fertility of the country would allow of. In fact, a large part of the land is still uncultivated, either for want of labourers or of capital. The inhabitants as well as foreigners have localised their settlements along the railway lines. From Puerto Limon to Puntarena, from one Ocean to the other, only a narrow strip of land has been exploited, whilst thousands of hectares, suitable for the greatest variety of crops, await the investment of foreign capital.

The very fertile soil of Costa Rica produces tobacco, cocoa, sugar, indigo, rice, bananas and coffee. However, bananas and coffee constitute the produce of greatest importance for agriculture and appear most largely in the statistics of exportation. The statistics for 1911 included the following articles representing a total amount of 19,191,808 *colons* (the *colon* is equal to 2.41 frs.).

Bananas for the amount of	9,309,886 <i>colons</i>
Coffee	6,109,542 „
Gold and Silver	2,517,372 „
Wood	193,742 „
Miscellaneous	1,061,876 „

19,191,808 *colons*

Costa Rica coffee has always been highly appreciated in Europe for its excellent quality and exquisite aroma. Bananas, which the country has been producing for about thirty years, have acquired considerable economic and commercial importance, thanks to the climate and the sun, which greatly favour their production, and, also, thanks to the existence of markets near at hand, in which the fruit can be sold at very good prices.

The excellent results obtained up to the present permit of our foreseeing the economic development agriculture might attain, if it only had at its disposal the necessary means for the promotion of colonisation, labour and capital.

The technical press, the agricultural world and all interested in the future of agriculture in the Republic, continually proclaim the necessity

of draining and improving certain areas of land and irrigating fields for coffee plantations. The propagandists of the Agricultural Department, and the scientific agriculturists have succeeded in convincing the farmers of the desirability of these operations. Competent authorities, in fact, assure us that the employment of capital on such productive labour would more than double the yield of the coffee. But the desire of the farmers for the reclamation of their land has up to the present been checked by the difficulty of obtaining long term loans, at low interest and with the facilities necessary in order to repay the amounts borrowed.

The recent foundation of the Mortgage Bank is intended to solve, by means adapted to the purpose, the problem of land credit, the solution of which is justly considered as very important for the economy of Costa Rica. Yet it must not be thought that this is the first attempt that has been made in behalf of the farmers.

Even before the institution of this Mortgage Bank, the Government of the Republic had studied the question of lowering the rate of interest on the home market, by directing thither the money borrowed on foreign markets, and extending, at the same time, among the farmers, the use of the means indicated by modern science for obtaining the maximum yield from the soil. But the earlier attempts made by Government have only had a partial success. The capital obtained by a loan contracted in France and granted by the Government to residents in the Republic did not all reach the farmers, as it was hoped it would. It was absorbed by people accustomed to the enjoyment of a safe income without any effort of their own, and incapable of employing it even on their own initiative; so it was impossible to use it for the purposes it was meant for.

The banks, also, very soon profited by these circumstances to absorb this capital as deposits at low interest or to increase their business by issue and sale of new shares. The banks have thus been able to satisfy their own needs to a remarkable degree, but they have largely defeated the good intentions of the Government, which desired the loans contracted abroad to serve quite another purpose.

Then, anxious to avoid such defeat in future, the Government proposed to found a Mortgage Bank, which, under the protection and with the financial assistance of the State, would be a powerful institution capable of inspiring full confidence in the capitalist intending to entrust his money to it and able to procure appreciable advantages for the farmers. As the report on the bill shows, after having studied the most improved land credit institutions of Europe and America, from the point of view of the conditions of landed property and real estate credit, as well as from that of the general economic and political situation of the country, and of the legislation on the registers of Landed Estate and Mortgages, the Government decided that the new institution it desired to create, must be on the model of the

Mortgage Bank, founded in Chili in 1855 (Caja de Credito Hipotecario), for the provision of long term credit.

The office of intermediary it is proposed the new Mortgage Bank should perform between farmers and capitalists might be undertaken, — observes the above report — by associations of farmers and capitalists.

Unfortunately, experience has shown that in the Republic the spirit of initiative for the creation of such associations is wanting.

As it is a matter of the vital interests of the Nation, the State has thought fit to intervene in behalf of agriculture, to prevent the indefinite prolongation of the present state of things and of the scarcity of capital available for the farmers.

In order to help the new institution and with the object of overcoming the natural distrust of the market, the law (art. 28) empowers the executive authorities to lend the Bank an amount of £200,000 for the commencement of business, by means of an issue of the same amount in mortgage *lettres de gage*. It must not, however, be imagined that the loan made by the State is a permanent investment. But it is intended to give a first impulse to the business of the Mortgage Bank, for, in proportion as the new institution acquires credit on the market and the capitalists hasten to buy its securities, the State will sell the *lettres de gage* it possesses, and in this way regain its own money and suspend the credit it now grants.

Still, Parliament thought it should make a sacrifice, granting the Government a credit of 80,000 *colons*, towards the expenses for the foundation of the Mortgage Bank.

The intervention of the law favouring the development of the new credit institution was not limited to these measures. Attempt was made, by means of a suitable fiscal policy, to make the capitalists purchase the land *lettre de gage*, and dissuade them from depositing their money in banks. For the purpose, art. 29 of the decree of August 18th., 1912 imposes an annual tax of 2 % on deposits in banks whether at interest or not, and whether made by individuals or collective organizations. The tax is payable at the end of each year, except in the case in which the deposit is made for less than a year, payment is in that case made in proportion to the period the money remains in deposit. As the mortgage *lettres de gage* are declared exempt from all taxation, this taxing of deposits creates a condition of considerable favour for the capital invested in the new Bank. It has been decided, on the other hand, that the revenue from this tax shall go to the reserve fund of the Mortgage Bank.

The fiscal protection also appears in the exemption from stamp duty granted on mortgages in favour of the Bank and in the right of using 10 cent. stamped paper for mortgage registration and cancellation of mortgages.

Still with the object of favouring this Bank, which, as will be seen hereafter, offers, besides, in its rules, the best guarantee of scrupulous man-

agement, the law authorizes guardians of minors, trustees for the incompetent, and representatives of the absent, to invest the funds they administer in the purchase of securities of the Bank.

Again, the State accepts these securities in every case when the law requires a deposit as security for the exercise of a public office or for any fiscal or legal formality.

We may briefly summarise the principal provisions for the working of this Bank.

The loans are made by means of the issue of *lettres de gage*, both personal and to bearer, in series of 100, 200, 500, and 1,000 *colons*, secured on first mortgage on real estate, the value of which must be at least double the amount of the loan secured on the real estate. The valuation of the real estate to be burdened by the mortgage, is made by one or more experts of the Bank; at the expense of the person applying for the loan. The procedure for passing a mortgage in favour of the Bank is very simple; it is enough to attach to the contract of loan on mortgage, a certificate on 10 cent stamped paper delivered by the Public Registration Office, as evidence of the ownership of the land and the burdens upon it. Payment must be made to the Bank for the capital borrowed, every half year and in advance, of: (1st.) interest not exceeding 8 % per ann; (2nd.) sinking fund of 1 % at most; (3rd.) an amount not to exceed $\frac{1}{2}$ %, for the reserve fund and working expenses.

Besides this amount and the revenue from the tax on savings deposits, the reserve fund shall be increased by all the profits the bank may make, after provision has been made for the service of the bonds issued and the working expenses, as well as the fines paid by debtors in arrears, and the amounts not collected by creditors before their claim is forfeited by prescription.

The law is concerned quite specially with the organization of the management, which very often is the cause of the success or failure of financial institutions. The Bank accounts are subject to the same formalities for supervision as those of the Treasury offices, and the persons administering and handling the money of the Bank are liable in the same manner as the administrators of State funds. The Bank will have a *Director*, appointed by the Board of Management, and, in addition, an *Inspector*, a *Cashier*, an *Accountant*, appointed by the President of the Republic, and, finally, a *Secretary*, appointed by the Director. The emoluments of these officers, paid by the Bank out of the funds for working expenses, must be approved by Parliament. The Management shall be conducted by a Board, consisting of the Director, the Inspector and four members, two of them, appointed by the Parliament (Congreso Costitucional), and two, by the Supreme Court of Justice. Two of these members of the Board must be chosen among the 15 landholders who pay the largest amounts in annuities to the

Bank. The emoluments of the members of the Board shall also be fixed by Congress. Besides, in order better to ensure the good working of the Bank, the Board of Management shall report on the situation of the Bank to the Government every six months ; this report, together with the yearly Statement of Accounts, must be published in the Official Gazette. Also, the Board shall present to the Government at the beginning of every year a detailed report on the business done in the preceding year.

The Board of Management is authorized to fix within the limits laid down by the law, as we saw above, the rate of interest and the amount of sinking fund and to use the reserve fund for the conduct and management of all the loan business of the Bank, business which cannot be transacted with any member of the Government or of the Board of Management of the Bank, or with any person related to them by blood.

If the Government has specially concerned itself with the constitution of the Mortgage Bank, it does not, however, intend to grant it a monopoly, because the interests of agriculture it is desired to safeguard call for the foundation of new banks, so that there may be a continually greater amount of capital invested in land.

Therefore the law authorizes the formation of societies, with the same objects as the Mortgage Bank, and grants their bonds similar privileges to those of the land securities of the said Bank.

These societies may be formed either among the landholders themselves, arranging loans on security of their own lands, or by capitalists, lending money on mortgage. They shall elect their Board of Management, but the Director shall be chosen by the President of the Republic, from among three candidates whose names the Board shall submit to him.

The business of these societies shall be conducted in accordance with provisions similar to those governing the Mortgage Bank, except as regards such as are contrary to the provisions of the law on limited liability societies. When several societies shall have been founded in the Republic for the exercise of mortgage credit, the President shall determine the district, in which each society shall work, and which shall never be less than a Province.

CREDIT

ITALY.

I. — RECENT NEWS.

Work of the Institutions of Agricultural and Land Credit.

The Work of the Land Credit Institutes in 1911.

Sources :

- Cassa di Risparmio in Bologna: Credito fondiario. Resoconto dell'anno 1911 (XLIII della istituzione). In Atti della Assemblea generale degli azionisti tenutasi il giorno 31 marzo 1912 e resoconto del 1911 (*Bologna Savings Bank. Land Credit Division. Report for the Year 1911 (43rd. of the Institution). Proceedings of the General Shareholders' Meeting held March 31st., 1912 and Report for 1911*). Bologna, Merlani, 1912.
- Cassa di Risparmio delle Provincie Lombarde in Milano: Credito fondiario. Bilancio consuntivo dell'anno 1911 (XLIV di esercizio). (*Savings Bank of the Lombard Provinces in Milan. Land Credit Division. Statement of Accounts for the Year 1911. (44th. Working Year)*). Milan, E. Reggiani, 1912.
- Cassa di Risparmio della Città di Verona: Cassa Risparmio, Credito Fondiario e Fondo pensioni (*Savings Bank of the City of Verona: Savings Bank, Land Credit and Pension Funds Divisions. Statement of Accounts for the Year 1911*). Verona. G. Franchini, 1912.
- Credito Fondiario Sardo in Cagliari: Situazione e movimento dei conti al 31 dicembre 1911. In "Bollettino di Notizie sul Credito e sulla Previdenza." (*Sardinian Land Credit Institute in Cagliari. Situation and Statement of Accounts, December 31st., 1911. In "Bulletin of Information on Credit and Thrift."*) Department of Agriculture, Industry and Commerce. General Management of Credit and Thrift. Rome, No. 4, July-August, 1912.
- Istituto Italiano di Credito Fondiario: Relazione del Consiglio d'Amministrazione e dei Sindaci all'Assemblea generale ordinaria degli azionisti del 2 Marzo 1912, sull'esercizio 1911 (XXI^o). (*Italian Institute of Land Credit: Report of the Board of Management and the Syndics at the Ordinary General Meeting of Shareholders of March 2nd., 1912, on the Working Year*) (XXIst). Rome. Innocenzo Artero Printer, 1912.

Istituto delle Opere Pie di San Paolo in Torino: Beneficenza e credito. Conto consuntivi esercizio 1911 (*Institute of Opere Pie of San Paolo in Turin. Beneficence and Credit. Accounts for the Year 1911*). Turin National Printing and Publishing Society, 1912.

Monte dei Paschi di Siena: Rendiconti della gestione 1911, approvato con deliberazioni della deputazione amministratrice del dì 21 e 23 Maggio, 1912. (*Monte dei Paschi di Siena: Managers' Report for 1911, approved with the Decisions of the Administrative Deputation, May 21st., and 23rd., 1912*). Siena, L. Lazzeri, 1912.

Our readers already know what kind of institutes are authorized in Italy for the provision of land credit and what rules regulate their organization and working: (1). We shall limit ourselves therefore in the following paragraphs to a few brief notes on the work of each of them in the year 1911.

§ 1. The Italian Land Credit Institute in 1911.

In the year 1911 this institute received 472 applications for loans for about 36 millions, which, added to the 680 for 42 millions remaining for consideration at the end of 1910 or again taken into consideration, gave a total of 1,152 applications for about 78 millions.

These 472 applications, were distributed as follows, with regard to the nature of the real estate offered as security:

241 on rural real estate for	20,008,000 frs.
208 „ urban „ „ „	13,809,000 „
23 „ mixed urban and rural	1,892,000 „

Of these, 92 were definitely granted for an amount of 15,563,500 frs., at $3\frac{1}{2}$ % interest.

These loans were distributed as follows according to the situation and the character of the estate:

(1) See in this connection the *Bulletin of Economic and Social Intelligence* for April, 1911, p. 223.

Regions	Loans Granted in 1911						
	Rural		Urban		Total		Amount of Security
	N°	Amount	N°	Amount	N°	Amount	
Piedmont	—	—	—	—	—	—	—
Liguria	—	—	2	46,000	2	46,000	68,000
Lombardy	1	9,000	1	279,000	2	288,000	579,200
Venetia	7	2,159,000	1	9,000	8	2,168,000	4,397,200
Emilia	7	547,000	—	—	7	547,000	1,092,700
Tuscany	1	150,000	2	55,000	3	205,000	410,000
Marches	2	202,000	1	11,000	3	213,000	435,630
Umbria	1	3,500	—	2,500	1	6,000	14,000
Lazio	5	595,000	26	3,946,500	31	4,541,500	8,813,964
Abruzzi and Molise . .	3	55,000	1	4,500	4	59,500	153,550
Campania	14	513,000	52	3,773,500	66	4,286,500	8,936,149
Apulia	17	1,081,000	13	493,500	30	1,574,500	3,120,900
Basilicata	1	27,000	—	—	1	27,000	54,700
Calabria	6	205,500	1	52,000	7	257,500	535,100
Sicily	17	821,000	8	291,000	25	1,112,000	2,342,550
Sardinia	1	220,000	1	12,000	2	232,000	469,000
Total	83	6,588,000	109	8,975,500	192	15,563,500	31,422,643

The amount of 21 loans was less than 10,000 frs., that of 49 between 10,000 and 20,000 frs., of 57 between 20,000 and 50,000 frs., of 27 between 50,000 and 100,000 frs., and of 38 over 100,000 francs.

The period varied from 10 to 15 years in the case of 13 loans (for 725,500 frs.); from 15 to 20 years in the case of 12 loans (646,000 frs.); from 20 to 25 years in that of 13 loans (for 491,000 frs.); from 25 to 30 in the case of 28 loans (for 1,220,500 frs.); from 30 to 35 in that of 4 loans (for 430,000 frs.); from 35 to 40 in that of 54 loans (4,703,000 frs.) and from 45 to 50 in that of 68 loans (7,347,500 frs.).

The Institute was able further to sell last year, 32,306 *lettres de gage* of a nominal value of 16,153,000 frs., 588 of them of the 4 % class for the amount of 294,000 frs., the remaining 31,718 being of the 3½ % class. Of

these latter, 1,860 *lettres de gage* were given in payment of loans. On December 31st., 1911, the $4\frac{1}{2}\%$ *lettres de gage* in circulation were 14,341, the 4% *lettres* 82,470 and the $3\frac{1}{2}\%$ 162,001: there were in all 258,812 of a nominal value of 129,406,000 francs.

Including the loans granted in 1911, the total number granted since the foundation of the Institution (1890), was 2,825, representing an amount of 230,076,300 frs., of which 121,970,800 frs. were divided among 1,685 loans secured on rural real estate and 108,105,500 frs. among 1,140 loans on urban real estate.

With regard to the situation of the real estate, these loans were divided as follows :

Northern Italy	No.	114	frs.	12,085,500
Central „	„	863	„	85,757,600
Southern „	„	1,529	„	111,769,700
Insular „	„	319	„	20,463,500
Total . . .				2,825 frs. 230,076,300

If new loans increase this large amount every year, two classes of circumstances diminish it; the payment of the half yearly instalments and the repayments of non-matured loans. In the 21 years of life of this Institution the instalments paid already amounted to 22,900,000 frs.; the non-matured loans repaid amounted to 51,800,000 frs.; making altogether 74,787,613 frs. to be deducted from the amount of the loans granted, namely 230 millions as above shown. Thus, the real amount of credits on December 31st. last was 155,288,686 million frs.

§ 2. The Land Credit Division of the Savings Bank of the Lombard Provinces.

In the year 1911 this institution received 850 applications for loans for an amount of 63,953,000 frs., which, added to the 938 applications for 75,297,500 frs. in course of negotiation at the beginning of the year, make a total of 1,788, for the amount of 139,250,500 frs.

Of the 850 applications for loans presented in 1911, 370 were finally granted for an amount of 25,420,000 frs.

One hundred and seventeen loans for 11,133,500 frs. were granted on the security of rural real estate, 241 for 13,178,000 frs., on urban real es-

tate ; and 12 for 1,108,600 frs. on security at once of both urban and rural real estate. Among the provinces sharing most largely in this credit and giving security of rural real estate for it, we find those of Cremona, with 11 loans of 1,256,500 frs., and Milan and Pavia, with 10 loans each, of the amounts of 675,500 frs. and 1,117,000 frs. respectively. The province of Milan is further conspicuous for small loans on urban real estate; it contracted 180 loans for about 11,000,000 frs. At a great distance comes the Province of Rome ; it contracted 28 loans for an amount of about two million frs.

Of the loans, 59 were for between ten and twenty thousand francs, 58 between twenty and thirty thousand, 12 between a hundred and a hundred and twenty thousand, 13 between two hundred and two hundred and fifty thousand, 4 between two hundred and fifty and three hundred thousand, 3 between three hundred and fifty and four hundred thousand and 1 loan exceeded half a million francs.

The term of the loan was fixed at 40 years in most (172) cases : at thirty years in 41, at twenty years in 22, at fifty years in 66 ; at fifteen years in 25, etc.

With regard to the loans made in the year, taking into account the amount of the *lettres de gages* repaid on account by the borrowers and that of the loans extinguished, as well as that of the *lettres* drawn by lot, the number of *lettres de gage* in circulation on December 31st., 1911 was 334,552 for an amount of 167,276,000 frs., in the following order : 6,583 *lettres de gage*, 5 per cent. series, for 3,291,500 frs.; 86,354, 4 % series, for 43,177,000 frs., and 241,615, 3½ % series for 120,807,500 frs. This corresponds with the total credit of the Institution, which was, at the above date, 162,638,718 frs.

§ 3. *The Land Credit Divisions of the Savings Banks of Bologna and Verona, and the Sardinian Land Credit Institute at Cagliari.*

In 1911, the *Bologna Savings Bank* granted 222 loans, for an amount of 7,973,500 frs. These loans were distributed among the different provinces as shown in the following table, in which the nature of the land mortgaged is also shown.

Provinces	Real Estate						Total	
	Urban		Rural		Urban and Rural			
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		Fra.		Fra.		Fra.		Fra.
Ancona	2	37,000	6	371,000	—	—	8	408,000
Ascoli Piceno	—	—	3	183,000	—	—	3	183,000
Bologna	11	429,500	60	2,597,500	88	1,999,500	159	5,026,500
Ferrara	—	—	6	236,500	1	15,000	7	251,500
Forlì	2	15,000	12	641,000	2	43,000	16	699,000
Macerata	—	—	3	231,500	—	—	3	231,500
Modena	2	60,000	5	122,500	—	—	7	182,500
Pesaro	1	9,500	6	783,000	—	—	7	792,500
Ravenna	—	—	6	112,000	—	—	6	112,000
Reggio Emilia	—	—	5	74,000	1	13,000	6	87,000
Total . . .	18	551,000	112	5,352,000	92	2,070,500	222	7,973,500

Of the 222 loans granted, 20 were for an amount of from 2 to 5 thousand francs, 48 for from 5 to 10 thousand, 59 for from 10 to 20 thousand, 33 for from 20 to 30 thousand, 14 for from 30 to 40 thousand, 14 for from 40 to 50 thousand, 17 for from 50 to 100 thousand, and 17 more for over 100,000 francs.

The *lettres de gage* in circulation on December 31st., 1911 were divided as follows in the different series:

Series	5 %	No.	12.281	Frs	6.140.500
»	4 ½ %	»	7.177	»	3.588.500
»	4 %	»	9.564	»	4.784.500
»	3 ½ %	»	47.281	»	23.640.500

Frs 38.154.000

From the foundation of the institution up to December 31st., 1911, 2,869 loans had been granted for an amount of 108,636,500 frs. The average amount of these loans is therefore 37,865 frs.

Turning to the *Verona Savings Bank*, we find that it received last year 277 applications for loans for the amount of 9,243,000 frs., which, added to the 63 remaining over from 1910 for negotiation, formed a total of 340 for more than 11 millions. Final arrangements were made for 127 loans of an amount of 3,174,000 francs distributed as follows: 71 loans on security of rural real estate (2,085,500 frs.); 47 on urban real estate (870,000 frs.) and 9 on real estate of mixed character (218,500 frs.). 6,348 *lettres de gage* were issued, corresponding with the loans granted; these securities, with the 27,241 *lettres de gage* in circulation at the beginning of the year, the amount of which was 13,620,500 frs., made a total of 33,589. Of these, 32,006, representing an amount of 16 million frs., were still in circulation at the end of the year.

From 1902, when the institution began to work, up to the end of 1911, 660 loans were granted for about 19 million frs., in the provinces of Belluno, Padua, Rovigo, Treviso, Udine, Venice, Verona, Vicenza, and Mantua. The average amount of these loans was about 28 thousand francs.

Finally, the *Sardinian Land Credit Institution*, at Cagliari, in 1911 granted 17 loans for an amount of 310,000 francs, by means of an issue of 651 *lettres de gage* for an equal amount.

**§ 4. Land Credit Provided by the Opere Pie of San Paolo at Turin
and the Monte dei Paschi at Siena.**

The year 1911 was the best year the Institute of Opere Pie of San Paolo had known since its foundation (1867), both in regard to the number of applications received and of the operations conducted.

First, as to the applications for loans we observe that, at the beginning of the year, the Institution was still negotiating 403, representing 24,800,500 francs.

During the year, 566 others were presented for an amount of 48,539,500 francs. Consequently, the total number of loans under consideration was 969 for an amount of 73,340,000 frs. Of these, 160 for an amount of 8,372,000 francs were not granted by the Institute; on the other hand 249 for 14,825,000 frs. were definitely granted and 560 representing 45,307,500 frs. remained to be negotiated.

The applications came particularly from the provinces of Genoa, for about 8 million francs of Turin, for about 7 million, Bergamo for 3 million, Milan for 12½ million and Rome for 7 million.

The 249 loans granted in 1911, for the abovementioned sum, may be distributed as follows:

(1) With regard to the nature of the *real estate mortgaged*: 215 loans were granted for 12,559,000 frs. on urban real estate, 27 for 1,892,500 on

rural real estate, and 7 for 373,500 on both rural and urban real estate at once.

(2) With reference to the *situation of the real estate* : 10 loans for an amount of 216,500 frs. were on land in the province of Alessandria ; 5 for 265,000 frs. in the province of Cuneo; 56 for 2,980,000 frs. in the province of Genoa, 10 for 312,000 frs. in that of Novara, 1 for 9,000 frs. in that of Parma, 1 for 50,000 frs. in that of Piacenza, 10 for 372,000 frs. in that of Porto Maurizio, 124 for 4,802,500 frs. in that of Turin, and 32 others for a total amount of 5,818,000 frs. in the other provinces of the Kingdom, especially in the city of Rome (7 loans for 2,461,500 frs.) and in that of Milan (12 loans for 1,070,500 frs.).

(3) With regard to the *amount of each loan*, in the case of 130 operations, involving a total of 1,443,500 frs., the loans did not exceed in each case 20,000 frs. ; 115 loans for a total amount of 10,371,500 frs. were granted for amounts of between 20,000 and 500,000 frs. ; and 4 loans for a total amount of 3,010,000 frs. were for sums varying from 500,000 to 1,000,000 frs.

(4) With regard to the *period for the extinction of the loans*, for 132 loans for a total of 8,783,500 frs., the periods fixed varied from 46 to 50 years; for 75 for a total of 2,359,000 frs., the period was fixed at from 10 to 25 years; and for 42 for 3,682,500 frs. from 26 to 45 years.

Issues were made of 29,650 *lettres de gage* at 3½ % corresponding with the above loans.

Adding to the operations of 1911 those for the preceding years beginning with 1867, we find that the Institution had granted altogether up to the 31st. of December, 1911 :

3,257 loans	at 5 % for	119,444,000
853 „	„ 4½ % „	32,233,500
940 „	„ 3½ % „	52,948,500
<hr/>		<hr/>
5,050 loans		204,626,000

Of these 5,050 loans, 2,639 representing 127,722,000 frs. were secured on urban real estate ; 2,112 amounting to 63,429,500 frs. on rural real estate, and 209 loans for 13,474,000 frs. on real estate of mixed character.

The rate of interest at which this large amount was lent, has appreciably decreased between the foundation of the institution and the present day. Whilst in 1867, the real annual rate for the loans, calculated on the basis of the minimum purchase of the *lettres de gage*, was 6.89 %, in the course of last year, the rate was 4.48 %.

Coming finally to the *Monte dei Paschi* of Siena, we find the loans granted by it in 1911 were 393 in number for 11,630,000 frs. distributed among the Provinces as follows :

Provinces	Number	Amount
Ancona	10	320,000
Aquila	3	34,000
Arezzo	10	339,000
Bologna	10	287,000
Campobasso	2	23,500
Chieti	2	44,500
Florence	38	1,056,500
Forlì	67	891,500
Genoa	17	2,930,000
Grosseto	7	349,000
Leghorn	4	71,000
Lucca	2	14,500
Macerata	4	86,000
Massa Carrara	1	7,000
Modena	1	25,000
Pesaro	32	342,000
Pisa	53	1,107,000
Ravenna	10	151,500
Reggio Emilia	4	47,000
Rome	19	1,388,500
Siena	63	1,282,000
Teramo	2	80,000
Umbria	32	753,500
Total	393	11,630,000

There has been an increase in the $3\frac{1}{2}\%$ *lettres de gage* in circulation for the new loans granted. 23,260 were issued, which, added to those already in circulation of various series (5% , $4\frac{1}{2}\%$ and $3\frac{1}{2}\%$) gave a total of 127,018 *lettres de gage* of a nominal value of 63,509,000 frs.

* * *

In conclusion, let us say that the seven above mentioned land credit institutions working in Italy granted in the year 1911 1,570 loans on mortgage in *lettres de gage* of a total value of 78,896,000 frs.

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PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

GERMANY

CURRENT QUESTIONS.

Home Colonisation in Northern Germany.

Introduction.

In about the last 25 years a large work of home colonisation has been accomplished in Prussia, especially in the East, for the solution of one of the most important economic problems of modern Germany. We know that in the forty years since its foundation the Empire has made marvellous economic progress. This is shown by a large increase in the population. From 41,059,000 inhabitants on December 1st., 1871, it rose to 52,280,000 inhabitants on December 2nd., 1895 and 64,926,000 inhabitants on December 1st, 1910, or 120 per sq. km. The yearly increase was between 850 and 900 thousand souls. In order to feed such a population in a territory of comparatively limited area and of very moderate fertility, German Agriculture must ceaselessly endeavour to augment its powers of production.

It is above all in this direction that the measures adopted to favour home colonisation tend. Such colonisation is carried out under two different forms. The object of the first is a better distribution of the land in districts in which it is concentrated in the hands of too small a number of landholders. It consists in transforming into peasant holdings the large estates now worked with the help of labourers. It is a question of a transformation at once economic and social. It entails not only a change in the method of farming, but at the same time a profound change in the constitution of society.

The other form of home colonisation in Germany is principally technical in character. This is the settlement of uncultivated land, especially

peat moss bogs, which are still of sufficiently extensive area in certain districts of the country. We shall not occupy ourselves with these settlements in this study, because they are formed under conditions absolutely different from those of the home colonisation of large landed estates.

The efforts made by the Prussian Government to modify the distribution of agricultural landed property are resulting in a rather considerable change in the agricultural conditions. It is the most important action taken in this field since the great reforms of the liberation of the peasants and of the land in the first half of the last century. It is of such evident necessity and so urgent that the public opinion of the nation has almost unanimously approved it, at least in its principal tendencies. It was much criticized, it is true, for a time, for it was feared that the restrictions imposed on the settlers in order to assure the permanence of the work would serve in a way to reestablish the ancient feudal institutions. But it was recognised later that these fears were unjustified and to day the Government is rather being encouraged to hasten the formation of small holdings. Even Parliament and the Prussian Royal Council of Agriculture have several times urged it to pursue its object with greater energy.

The studies dealing with this problem are innumerable. Four years ago, the German Association for the Wellbeing of the Rural Classes and the Home (Deutscher Verein für ländliche Wohlfahrts- und Heimatpflege) even founded a special review, « *Archiv für innere Kolonisation* », for the study of the laws, proceedings and results of home colonisation and the discussion of experiments and new proposals. Lately, on the initiative of Professor Sering at Berlin and Governor von Schwerin at Frankfort on Oder, a new society has been founded "for the encouragement of home colonisation". Its object is to interest the people more effectually, either by means of newspapers or other publications, or by the organisation of lectures; it proposes also to contribute directly to the progress of home colonisation by means of scientific enquiries, the examination of new bills and by giving an impetus to the formation or development of the colonisation societies. We must finally mention that the work accomplished in Prussia has on several occasions been studied by representatives of foreign governments. In fact, as the problem of home colonisation has also to be dealt with in other countries, the measures taken in one State must also interest the others in greater or less degree.

A short sketch of the agricultural conditions in the districts which form the principal field of home colonisation will make its necessity and importance better understood. Taking Germany as a whole, we must say that the distribution of the land is fairly satisfactory. According to the official census returns of farms, estates of more than 100 hectares formed in 1882 24.4 % and in 1907, 22.2 % of the agricultural area. This proportion is not too large, for it is an advantage that there should be in a country a cert-

ain number of large landed estates in order to encourage the technical progress of agriculture.

There are, however, districts of Germany where the distribution of the soil is less satisfactory. In this respect, we may divide the Empire into two principal divisions. South Germany and North Germany West of the Elbe, form the true domain of the peasants. Sometimes small, sometimes medium, farms prevail. There are indeed, it is true, very considerable differences between the countries and provinces making up this portion. But, altogether, it contrasts remarkably with the part of Germany East of the Elbe. There large estates prevail. The figures we shall give will show this still better.

The agricultural area of Prussia between 1882 and 1907 was divided as follows (the figures represent percentages):

Eastern Provinces of the Kingdom.

Area of Farms — Hectares	East Prussia		West Prussia		Posen		Pomerania		Brandenburg		Silesia	
	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907
0-2	2.1	2.0	2.5	2.4	2.4	2.7	2.8	2.6	3.9	3.5	4.9	4.2
2-5	3.5	4.2	3.1	4.0	3.3	4.1	3.5	3.1	5.1	5.5	11.0	9.8
5-2	12.0	17.5	14.0	23.7	19.1	25.7	13.5	18.3	19.4	22.1	26.9	28.7
20-100	43.8	37.9	33.3	33.1	19.9	21.5	22.8	22.8	35.3	33.4	22.3	20.3
Over 100	38.6	38.4	47.1	36.8	55.3	46.0	57.4	53.2	36.3	35.5	34.9	37.0

Western Provinces of the Kingdom

Area of Farms — Hectares	Saxony		Schleswig- Holstein		Hanover		Westphalia		Hesse-Nassau		Rhenish Provinces	
	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907	% 1882	% 1907
0-2	6.1	6.5	2.0	2.8	7.3	5.5	10.4	9.0	10.9	12.7	12.8	14.2
2-5	7.1	6.6	3.8	3.7	11.0	11.3	13.5	13.5	20.7	21.4	20.7	19.7
5-20	24.0	25.5	16.4	20.1	30.3	37.5	34.2	37.5	42.8	42.0	43.1	42.7
20-100	35.8	34.2	61.4	57.7	44.5	39.8	37.1	33.4	18.9	18.1	20.7	19.9
Over 100	27.0	27.2	16.4	15.7	6.9	5.9	4.8	6.6	6.7	5.8	2.7	3.5

We see that there is a great difference between the 6 Eastern and the 6 Western provinces of the Kingdom. Above all in the provinces of Posen, Pomerania and West Prussia, there is a disproportion between the large landed estates and the peasant holdings. In one of the three districts of Pomerania, that of Stralsund, estates of over 100 hectares, even in 1882, covered more than three quarters of the agricultural area, or 226,639 hectares in 298,066 (1).

The excessive area of the large landed estates is still more striking, when those of more than 500 hectares are considered alone. In 1895 such estates occupied 29.6 % of the agricultural area of the province of Posen and 29.5 % of that of Pomerania. These figures are the more notable as these provinces are not remarkable, like Silesia and Brandenburg, for a very considerable forest area.

Similar conditions existed in the grand duchies of Mecklenburg. In Mecklenburg Schwerin, in 1882, the landed estates of over 100 hectares formed 59.9 % of the agricultural area. In Mecklenburg-Strelitz the proportion was 56 %.

This state of things is the result of a long historical evolution. For centuries, the feudal lords had been causing the number of peasants dependent upon them to decrease by annexing their holdings to those they farmed directly. Frederic the Great put an end to this system in 1764. Thanks to the measures taken by him, peasant holdings, in the provinces at that time belonging to Prussia, diminished less than in certain other countries, above all, in Mecklenburg, and also in Hither Pomerania, which was still at that date under Swedish rule. They were abolished, however, in 1816, at the date of the liberation of the peasants. A secondary consequence of this reform was thus a new decrease of the small or medium sized holdings. As to the small holdings, completely excluded from the benefits of the law of liberation, the large proprietors were given free right to annex them to their estates. The peasant holdings liberated were considerably reduced by the cession of a third part or half of their area as compensation for the abolition of feudal rights. They decreased still further in number as they could now be freely bought and sold. This gave the large landholders the possibility of rounding off their estates by the purchase of peasant holdings, and as the moment was very favourable to farming on a large scale, above all in consequence of the high price of grain and the progress made in agricultural technique, they profited by it to a large extent. Prof. Sering has calculated that the net decrease of peasant property in the Eastern provinces of Prussia amounted

(1) According to Herr Sering's book: "Die innere Kolonisation im östlichen Deutschland" published in 1893, there were only 185 peasant communes to 691 landed estates, forming independent administrative districts (Gutsbezirke).

to about 339,000 hectares, although in consequence of the division of land held collectively there was an increase of 242,500 hectares in the same period. Leaving out of consideration the Province of Posen, where, owing to special circumstances, the absorption of the small holdings by the large was very considerable up to 1880, we may say that since 1860, the tendency has been in the other direction. This is because the new conditions of agriculture, above all the increasing importance of livestock improvement and the difficulties due to the labour problem, encourage small farms today. But the consequences of a bad distribution of the land are too serious for the State to leave it to the slow work of private interests to change the conditions.

The losses caused to the country through this excessive concentration of landed property is above all revealed by its effect on the movement of the population. The Eastern provinces of Prussia progress to a far less degree than the majority of the other districts of Germany, including those of agricultural character. A large number of communes there have even less inhabitants to-day than thirty or forty years ago. As Professor Sering showed in a remarkable lecture delivered on February 11th., 1910 before the Prussian Royal Council of Agriculture (1), this phenomenon must not be attributed to natural causes. Statistics prove that when they can develop freely, rural communes are as populous in the eastern as in the western provinces. Rural exodus takes place especially in countries where large landed estates prevail. The facilities for communication supplied in the 19th century and the attraction of large towns naturally contribute to this also. But what above all drives a large part of the rural population to desert the country is that the labourers have not enough opportunities there for improving their condition: it is almost absolutely impossible for them there to rise in the social scale and to attain economic independence by the purchase of a small holding with the savings they have gradually accumulated. The places they abandon are filled by season labourers who come above all from Russia and Galicia. According to the statistics of the central agricultural labour bureau (*Deutsche Feldarbeiter Zentrale*), their number in 1910 was 364,000. But the expedient gives little satisfaction, even from a purely agricultural point of view, because it places agriculture at the mercy of foreign labour.

There are two classes of official measures tending to accelerate the subdivision of large landed estates. A part of the work of home colonisation is performed directly by the State, which, in 1886, instituted for the purpose the *Home Colonisation Commission for the Provinces of West Prussia and Posen*. This commission has both an economic and a political object, for its duty is not only to transform large landed estates into holdings for lab-

(1) *Die Verteilung des Grundbesitzes und die Abwanderung vom Lande*. Berlin, 1910.

ourers and peasants, but also to reinforce the German element in the two provinces which form its field of action. Towards 1886, principally on account of the circumstances we have already set forth, the German population was diminishing more and more as compared with the Polish. As a remedy it was attempted to arrest the progress of the Poles by economic measures. The moment seemed favourable for an action with this object. Many Polish nobles were in great difficulties, for they were in debt, their land was ill cultivated, and it was a moment of unfavourable economic conditions. Thus, there was an opportunity for buying at low prices, either at auction or by private arrangement, landed estates which might afterwards be subdivided and serve for the establishment of many German peasants. In the first part of our study, we shall show how the Home Colonisation Commission accomplished its work.

In the second part, we shall examine the other measures taken in behalf of home colonisation. We shall deal in it with the encouragement given to private home colonisation work by the laws and provisions relating to *Rentengüter*. They have a purely economic object and affect every part of the kingdom.

Outside of Prussia, it is in Mecklenburg that home colonisation is most necessary. The third part of our study will be concerned with the measures adopted there.

PART I.

**The Work of the Home Colonisation Commission for the Provinces
of West Prussia and Posen.**

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§ 1. Legislative Provisions.

The Home Colonisation Commission for the Provinces of West Prussia and Posen (*Ansiedlungskommission für die Provinzen Westpreussen und Posen*) was founded by the law of April 26th., 1886, for the encouragement of German home settlement in the provinces of West Prussia and Posen (1).

This law places at the disposal of the Government a fund of 100 million marks. With this amount, the Commission has to buy the land and divide it into parcels, cover the expense of the first establishment of the farms and contribute towards the expenditure entailed by the organization of the communes, schools and parishes rendered necessary by the foundation of the new settlements.

The law declares that the new holdings may be granted to the settlers in three different ways: on temporary lease for a definite period, generally 12 years; as freehold on payment of the market price; and finally as *Rentengut*, that is as property purchased by instalments and subject to certain special conditions.

However, the *Rentengut* is almost the only form adopted in the settlements founded by the Home Colonisation Commission. This is easily explained, for the institution adapts itself equally well to the conditions of the settlers and the interests of the State.

While permitting the payment of the purchase price in instalments, it offers a large number of enterprising but not well off settlers the op-

(1) Gesetz, betreffend die Beförderung deutscher Ansiedelungen in den Provinzen, Westpreussen und Posen.

portunity and possibility of purchasing holdings. The owner of a Rentengut may devote all his available funds to his farming and the necessary buildings. At the same time, he has as much interest as a proprietor in bringing his farm up to the highest possible degree of cultivation, for the improvements he makes on it will only benefit him, and will not lead to increase of his instalments, as might be feared in the case of a temporary lease.

For the State, the Rentengut has above all the advantage that it permits of the State watching over the fate of the holdings created by its initiative. The buyer must, in return for the facilities afforded to him, submit to certain limitations of his rights of ownership. He is bound to work the farm himself and to insure the buildings against fire, and the standing crops against hail. He must maintain the farm in good condition and, above all, take care that it is always supplied with the necessary buildings, cattle and implements, as guarantee of its economic independence. He cannot divide it, alienate it or separate any portion without Government authorisation. In case of sale, judicial execution or the nonfulfilment of engagements entered into, the Home Colonisation Commission has the right to repurchase the property at a fixed price.

The Rentengut may be constituted for any period, for the 1886 law expressly authorizes the stipulation that redemption cannot take place without the consent of the other party. By this provision, which even renders the constitution of perpetual annuities possible, the law establishes an exception to the law of March 2nd., 1850, which forbade hereditary leases as well as all annuities not redeemable within 30 years.

With the desire to guarantee the Rentengüter against any alteration in their economic character, the law of June 8th, 1896 has subjected them to a special system with regard to inheritance, the *Anerbenrecht*, differing considerably from the principle of equality of heirs established by the German Civil Code of the same year. It was asserted that that principle presented great inconveniences in the case of agriculture. Division in kind would entail, it was said, an excessive division of the holding which would subject the settlers to the risk of losing their position as independent farmers. On the other hand, to transfer a holding to a single heir, at the market price, would, in the opinion of many, force the new proprietor to run into debt. In fact, the market price of a holding is generally more than the value calculated on its yield; besides, under the ordinary system of inheritance, the compensations due to the heirs transferring are generally made payable in cash or within a brief period.

Therefore, in the law of June 8th., 1896 on the complete transfer of the Rentengüter to a single heir, it is laid down that, in the absence of testamentary provision to this effect the holding must be transferred to the principal heir (*Anerbe*), and that under exceptional conditions. We cannot here enumerate all the provisions by which the law favours this heir.

Let us only say that he has a preferent claim to a third of the value of the holding, after deducting for debts and legacies the amount of which is not covered by the estate left in addition to the holding. To arrive at the value of the holding its net yield is multiplied by 25. The co-heirs can only claim their portions of the inheritance, under the form of annuities, if each portion exceeds the amount of 30 marks or if they all amount to more than the net annual yield of the holding. The matter may, however, be regulated differently by agreement entered into between the heirs. Besides, the law authorises the *Rentenbanken*, State Banks founded in 1850 for dismortgaging land, to intervene, to convert into capital the annuities due to the co-heirs. This agreement may also be made when the holding is transferred from hand to hand, on condition that the successor be granted advantages similar to those the law confers on the principal heir.

Besides these provisions in the case of inheritance, we must mention that the 1896 law extended, to the *Anerbengüter* generally, a provision already passed in the 1886 law for the *Rentengüter*, only permitting the division or the separation of parts of an *Anerbengut* when officially authorized. Such authorization is given by the General Commission to which the supervision of deeds of division, of regulation and dismortgaging of landed property in the district is entrusted. Such authorization must also be applied for the transfer of the *Rentengut* to a person not belonging to the family of the proprietor: but, in that case, it can only be refused if it is to be imagined that the holding is to lose its independence by incorporation with a larger landed estate.

The funds placed at the disposal of the Home Colonisation Commission have had to be increased several times. They were raised to 200 million marks by law of April 20th., 1898. to 350 million marks by law of July, 1st. 1902 and to 550 million marks by law of March 20th., 1908.

By the latter law, the Home Colonisation Commission was entrusted with a new task: of the additional 200 million assigned to it, 75 were intended for the dismortgaging of German holdings already existing. In addition, an amount of 50 million marks was assigned to it to be applied in the same way to large landed estates. The total amount at the disposal of the Home Colonisation Commission is therefore 600 million marks (1).

(1) Let us note in passing that the law of July 1st., 1902, granted the Government an amount of 100 million marks, raised to 125 million by the law of March 20th., 1908, for the extension of the State lands and forests in the provinces of West Prussia and Posen. The reason for this measure was the necessity of preserving the forests and the advantage of establishing in the place of the large landed proprietors as they disappear, a certain number of State farmers whom their education and their position render capable of occupying themselves with the business of the local independent institutions and the extension of agricultural progress.

To prevent the work of the Home Colonisation Commission being paralysed by contrary tendencies, some other provisions have been approved.

The law of August 10th., 1904, establishing the conditions to be fulfilled for the foundation of new establishments (*Niederlassungen*) in the provinces of East Prussia, West Prussia, Pomerania, Posen, Silesia, Saxony and Brandenburg, contains a provision, the object of which is to liberate the Home Colonisation Commission from the obstacles in its way, occasioned by the subdivisions undertaken by the Poles. They, also, following the example of the Home Colonisation Commission, have attempted to found peasant settlements. They have an excellent economic and social organisation, which supplies the funds necessary for their settlement work. Many small subdivision banks, seconded by co-operative savings banks to which the Polish labourers engaged in agriculture and manufactures in the other provinces of Prussia entrust their savings, have displayed such activity that they have succeeded in settling even many ancient German landed estates. On the other hand, the acquisition of Polish landed estates by the Home Colonisation Commission has long been almost impossible on account of the revival of the national spirit among the Poles. Farms founded by these Polish Banks generally present less favourable economic conditions than those founded by the Home Colonisation Commission, but the desire to possess a patch of ground is so strong among the Poles, that they try to satisfy it at any price. The efforts made by the Home Colonisation Commission thus encounter desperate resistance, which often prevents success, especially from the political point of view. To put an end to this state of things the law of August 10th., 1904 provides that in the provinces of East Prussia, West Prussia, Posen, Silesia, and in the districts of Frankfort on Oder (Province of Brandenburg) Stettin and Köslin (Province of Pomerania), that is in the districts where the Poles are gaining ground, the authorization to found new establishments must be granted by the district authorities only after the Governor has certified that they are not opposed to the objects of the 1886 law. This measure has, however, had little success. The Poles evade the obligation of submitting their settlements to the approval of the authorities, chiefly by transforming labourers' farms already existing into peasant holdings.

The law of March 20th., 1908 already mentioned is also very important, because it has conferred on the Home Colonisation Commission the right to expropriate. This provision, to which Parliament only consented after lively discussion, was justified by the increasing difficulty of acquiring the land required for the continuation of the work begun in 1886. However, expropriation is only authorised for a total area of 70,000 hectares. Besides, it was only to be carried out eventually, that is, in the case of the absolute impossibility of acquiring in any other way the land necessary for assuring the predominance of the German nationality. Owners,

whose landed estates the Home Colonisation Commission has passed a resolution to expropriate, may appeal against this to the Ministers of Agriculture, Finance and Home Affairs, whose decision is final. The law makes detailed provision regarding the compensation to be granted, so as to avoid any injustice in the matter. It provides notably that the price to be paid must be calculated on the value the holding has for its proprietor and not on that it would have if sold. The owner may appeal against the decision with regard to the compensation.

The Home Colonisation Commission has waited several years before making use of this right of expropriating. It is preparing now to exercise it for the first time in the case of several landed estates of a total area of about 1,700 hectares. It has besides selected estates that have just changed hands.

§ 2. *Organisation of the Home Colonisation Commission.*

The Home Colonisation Commission is immediately under the orders of Government. It has its headquarters at Posen. It is managed by a Committee consisting of a president and 10 members, two of them being the Governors of West Prussia and Posen. By law of March 20th., 1908, two of the members must be proposed for appointment by the Chambers of Agriculture of the two provinces. As, in general, the Government also selects the other members from among the representatives of agriculture, it is the agricultural element that prevails in the Committee.

This organization dates from the decree of September 29th, 1908. By that decree greater liberty of action was granted to the Home Colonisation Commission, through the increase of the powers of the president, and the removal of the five ministerial commissioners, who had formerly formed part of the committee as representatives of the departments concerned.

The magnitude of the task assigned to the Home Colonisation Commission necessitates a large staff. At the beginning of 1911, the President had under his orders at the Posen head office, more than 30 superior officers and about 500 employees. The organisation of the services has been often modified. For a long time the system of division of labour was followed. There were three general departments, one for the temporary administration of the landed estates, another for the home colonisation properly so called and the third for technical work (surveying, buildings and improvements).

However, experience showed the impracticability of dealing with the landed estates to be settled on general principles. The chief defect of this organization was that it separated home colonisation in the strict sense

of the term from the temporary administration that must prepare the way for it. To day the whole work of home colonisation is placed under the same management.

The local administration of the landed estates is entrusted to stewards. They have not only to manage the farm while the Home Colonisation Commission is working it for its own account, but they also take a very active part in colonisation properly so called. They exert a considerable influence over the formation of new holdings, and transact business with the settlers whom they must also assist in installing themselves. It is therefore on their capability and zeal that the successful foundation of a settlement largely depends.

§ 3. *Purchase of Landed Estates.*

In the 25 years since its formation the Home Colonisation Commission has accomplished a work, which is the more interesting to study as its action embraces all the forms of colonising work and proceeds in a methodical and uninterrupted manner. It selects itself the landed estates that appear to it suitable for settlement, buys them, improves them, so as to prepare them for cultivation in small lots, divides them, places settlers on them, and, by means of the Rentengut system watches over the maintenance of the new settlements after their formation. Its proceedings, fruit of long experience, have often served as examples for other home colonisation work.

In spite of the large resources at its disposal, the Commission has not an easy task. The conditions under which it works and the special objects assigned to it by the law of 1886 often create obstacles for it, such as ordinary colonisation work encounters much less often. It is above all in the purchase of landed estates for settlement that it encounters difficulties.

According to the work, «Zwanzig Jahre deutscher Kulturarbeit» published in 1907 by the Prussian Department of Agriculture, on principle it only buys landed estates the soil of which is of a character to guarantee the prosperity of the settlers. But its task of reinforcing the German element obliges it also to take into account certain considerations foreign to the economic side of the question. Thus it sometimes pays very high prices to obtain possession of a landed estate the settlement of which seems to it advantageous above all from the political point of view. It almost completely avoids the formation of small independent settlements, which it would be very difficult to make prosper, where there are large landed estates or a majority of Poles. The principal rule by which it is guided in

its purchases, is to acquire large landed estates for the formation of large villages and the formation of a group of settlements for mutual support.

From 1886 to the end of 1911, the Home Colonisation Commission spent 379 million marks on the purchase of more than 394,000 hectares of land. To give an idea of the importance of this figure, let us compare it with that of the total area of the districts and provinces and let us above all make a comparison between the area of the large landed estates bought by the Commission and that of the "*Gutsbezirke*" (1), which according to the dictionary of the communes existed previously. The following are the figures we obtain :

Landed Estates bought by the Home Colonisation Commission, 1881-1911.

District or Province	Large Landed Estates and Peasants' Holdings		Large Landed Estates only	
	hectares	% of total area about 1886	hectares	% of total area about 1886
Danzig	20,268	2.55	20,133	6.47
Marienwerder	103,422	5.89	94,727	11.18
West Prussia	123,690	4.85	114,860	9.92
Posen	119,265	6.81	108,954	11.06
Bromberg	151,443	13.23	133,997	21.23
Prov. of Posen	270,708	9.35	242,951	15.03
Total . . .	394,398	7.24	357,811	12.90

We see from this table that a very large part of the soil of the two provinces and above all of the district of Bromberg has been bought by the Home Colonisation Commission. In 7 of the 42 cantons of the provinces of West Prussia and Posen, it even bought more than the fifth of the total area and more than one fourth of that of the large landed estates, that is : in the canton of Briesen 25.75 % and 39.50 %, in the canton of Gnesen

(1) Large landed estates each forming a special administrative district.

39.25 % and 56.89 % in the canton of Mogilno 21.49 % and 42.19 %, in the canton of Wongrowitz 22.41 % and 33.29 %, in the canton of Znin 27.51 % and 48.03 %, in the canton of Posen-Ost 21.12 % and 30.17 % and in the canton of Wreschen 20.33 % and 29.33 %.

From the general table we give of the purchases of the Home Colonisation Commission it appears that, of the landed estates bought by it, those bought from Polish proprietors formed only 28.4 % of the area, and 23.9 % of the value. It was only at the start it was easy for it to acquire Polish landed estates. Later, the Commission has had to content itself with principally buying German landed estates. Among these, there is a small number of landed properties transferred by the State.

Purchase of Landed Estates by the Home

Year	Large Landed Estates							
	Polish			German			Polish	
	Number	ha.	Price (in marks)	Number	ha.	Price (in marks)	Number	ha.
1886	14	10,789	6,184,400	2	960	489,000	3	III
1887	25	13,056	7,667,251	2	1,770	1,052,000	10	430
1888	19	9,524	5,620,505	—	—	—	12	602
1889	8	4,801	3,268,250	—	—	—	4	38
1890	9	6,293	4,327,500	3	1,474	768,010	2	8
1891	16	7,234	5,043,985	3	1,293	745,633	—	—
1892	5	4,600	2,573,903	3	3,822	2,047,900	1	1
1893	6	4,843	3,131,600	7	3,565	2,134,000	1	16
1894	5	3,693	2,005,850	3	2,571	1,585,000	—	—
1895	3	870	526,500	8	6,655	3,762,640	1	41
1896	3	1,804	1,270,000	4	1,716	1,012,610	—	—
1897	8	2,939	2,307,000	4	1,794	1,390,830	2	29
1898	2	1,947	1,720,000	22	12,545	9,297,300	5	72
1899	4	2,193	1,994,000	24	15,939	12,834,000	6	258
1900	8	4,758	4,018,150	21	11,390	9,041,318	6	224
1901	7	4,683	4,093,877	20	12,172	9,409,500	2	16
1902	10	3,878	3,212,000	29	15,192	12,843,112	12	1,118
1903	4	2,582	2,662,000	70	36,604	36,385,945	15	485
1904	5	2,795	3,172,000	55	27,738	27,666,814	16	642
1905	7	1,238	1,719,500	69	29,112	33,155,581	29	1,384
1906	7	1,706	2,799,500	66	23,450	31,998,748	39	1,318
1907	4	1,083	1,715,000	22	7,415	10,785,930	8	197
1908	4	1,295	1,817,450	14	11,186	12,198,140	14	457
1909	5	2,504	2,732,910	24	15,825	19,946,881	23	953
1910	3	842	1,051,000	17	12,318	12,557,734	13	524
1911	2	357	1,308,000	15	7,454	9,813,752	6	445
1886-1911 . .	193	102,707	77,942,131	507	263,960	262,921,928	229	9,409

Colonisation Commission, 1886-1911.

Peasants' Holdings				Total		Average Price	
Price (in marks)	German			ha.	Price (in marks)	Per hectare	as multiple of the net revenue in the cadastre
	Number	ha.	Price (in marks)				
88,845	—	—	—	11,860	6,762,245	570	69.7
298,080	1	145	54,000	15,401	9,071,331	589	74.8
429,200	—	—	—	10,126	6,049,705	597	74.2
25,060	—	—	—	4,839	3,293,310	681	73.7
9,110	—	—	—	7,775	5,104,620	657	71.4
—	—	—	—	8,527	5,789,617	679	73.3
450	—	—	—	8,423	4,622,253	549	75.4
5,765	—	—	—	8,424	5,271,365	626	66.7
—	—	—	—	6,264	3,590,850	573	59.0
31,000	—	—	—	7,566	4,320,140	571	63.7
—	—	—	—	3,520	2,282,610	648	70.5
30,600	5	77	75,500	4,839	3,803,930	786	72.9
198,700	4	266	262,100	14,829	11,478,100	774	77.4
371,200	1	118	60,000	18,508	15,259,200	824	79.3
268,800	4	204	158,164	16,575	13,486,432	814	80.5
21,800	6	147	202,950	17,019	13,728,127	807	78.3
1,034,200	30	1,818	2,205,219	22,007	19,094,531	868	99.4
543,400	24	2,380	2,753,219	42,052	42,344,114	1,007	99.3
798,031	45	1,894	2,306,612	33,109	33,943,458	1,025	112.5
1,918,114	53	2,927	4,236,729	34,661	41,030,424	1,184	124.6
2,238,022	60	3,196	5,177,881	29,670	42,214,151	1,423	142.1
312,974	16	696	1,346,870	9,360	14,160,774	1,508	134.6
782,024	18	1,155	2,846,861	14,093	16,644,476	1,181	115.1
1,599,740	27	1,803	2,548,086	21,085	26,827,616	1,272	130.8
1,002,250	20	1,214	1,984,685	14,898	16,595,669	1,114	150.6
769,500	9	282	581,315	8,938	12,472,567	1,395	139.7
12,777,365	323	18,322	25,600,191	394,398	379,241,615	962	101.6

It appears also from this table that the prices paid by the Home Colonisation Commission have enormously increased both in relation to the area and to the ordinary net revenue established by the cadastre. It was in 1907 that the landed estates purchased attained their highest price. At that date the prices paid were 1,471 marks per hectare of the large landed estates and 1,860 marks per hectare of peasant holdings. Between 1908 and 1910 the prices fell, but in 1911 they were again very high, the average was 1,354 marks for the large landed estates and 1,860 mks for the peasant holdings. These prices are more than double those paid in the first ten years. When we compare the prices with the ordinary net revenue established by the cadastre (last column of the general table), we arrive at similar conclusions. Of course these figures have only a relative value. We should know above all what is the proportion between the prices paid and the real value of the landed estates calculated on their yield. Even the figures showing how much has been paid per mark of net revenue in the cadastre are insufficient for this purpose, for account has not been taken of the considerable changes that have taken place in the conditions of revenue since the establishment of the cadastre.

It is therefore difficult to form an accurate idea of the proportion of the true value of landed estates to the prices the Home Colonisation Commission has been paying for some years. Up to a certain point they certainly express the general rise in the price of land in Germany since the diminution of the agrarian crisis. Besides, instead of buying, as at first, landed estates that had been neglected or exhausted, the Commission now, as far as possible, buys such as are in a good state of cultivation. Yet, it is confessed even by the competent authorities that the commission is sometimes obliged to pay too high prices. To explain this we must recall the special conditions under which it works. In the book, "Zwanzig Jahre deutscher Kulturarbeit", we have already mentioned, the Prussian Agricultural Department itself says, in speaking of the increased prices: "The Home Colonisation Commission has necessarily let itself be influenced in its purchases by this fluctuation of prices and has even favoured it and accelerated it in recent years. When the number of its settlers rose to 1,200 in 1902 and then to 1,500, it was forced to increase its purchases, without regard to prices, in order to obtain the land required and not to run the risk of losing this crowd of settlers, due to the propaganda of many years."

Prices rise, besides, on account of speculation. As the Home Colonisation Commission operates specially in certain districts and in accordance with a definite plan, the speculators easily guess what landed estates it contemplates purchasing and acquire them to resell to it at a higher price. The rivalry between the Home Colonisation Commission and the Polish subdivision banks facilitates these manoeuvres.

§ 4. *Temporary Administration of the Holdings.*

To transform into a peasant village a large landed estate up to then worked by a central management necessitates a very great deal of labour. In order to assure the prosperity of the new settlements, it is necessary to improve the soil and adapt the method of cultivation to the requirements of small farms, establish a plan of subdivision with a view to the distribution of the land, erect new buildings and regulate the political institutions.

Most of this work is performed most satisfactorily while the holdings are not yet divided. This is why the Home Colonisation Commission first works them for some time as undivided farms. At first, this period of temporary management was very long, on account of the bad condition of the landed estates purchased. Now the period of transition is shortened owing to the fact that the Home Colonisation Commission makes a point of the landed estates it purchases already answering the principal requirements of future settlers.

The Home Colonisation Commission divides the landed estates it settles into 4 categories, according to the degree to which the settlement is prepared or carried out. This classification serves principally to facilitate the control of the profits and losses due to the working of the landed estates between their purchase and their complete and final transfer to the settlers.

The first class is composed of landed estates the Home Colonisation Commission has had in its possession for less than two years. This period is characterised by large improvement works executed in order to offer the settlers favourable conditions from the start. However high the degree of cultivation of a landed estate, it could not be transferred to the settlers, such as it is. To prepare it to be worked by the peasant farmers, the Home Colonisation Commission adopts measures of every kind, often involving very serious expense. Large sums are, for example, spent on the purchase of seeds and manure, the use of which is necessary to ameliorate and transform the mode of cultivation. On many landed estates, the Commission during these two years carries out large special works of drainage, irrigation and improvement of marshy and meadow land. These works are often of vital importance for the settlement, and, on account of the area affected, it is best to undertake them while the landed estates are still undivided. For example, in many districts where the land is flat, drainage is absolutely indispensable to guarantee the peasants against bad harvests in wet seasons and would be more costly and render cultivation very difficult, if carried out when the land is already in the hands of the settlers. It is above all works of this character that occasion heavy expenditure.

The following figures show their importance. Between 1886 and the end of 1911, the Home Colonisation Commission undertook and completed drainage works on 329 landed estates. Almost the third of their area was drained, or 53,760 hectares in a total of 166,302 hectares, at a total cost of 9,368,522 marks, that is an average expense of 174 mks. per hectare. To transform 4,642 hectares of marsh into meadow land and improve 375 hectares of meadow on 77 landed estates, the Home Colonisation Commission spent 2,411,200 marks. The expense of cultivation of the marshes varies, according to circumstances, from 100 to 800 marks per hectare. On an average it was 503 marks. The improvement of meadow land cost, on an average, 200 marks per hectare. A part of the work was done by means of convict labour. Large sums were also spent on the improvement of the roads. In the 25 years in question the Home Colonisation Commission paved or macadamised 332 kilometres of road on 289 landed estates, at a cost of 5,310,992 marks, an average expenditure of 16 marks per metre. The material (stone, sand, gravel) is generally to be found on the landed estates themselves. Besides most of the rural roads of which the new settlements have need, are made, with assistance from the State, by the settlers themselves, as required.

Generally, the special works we have just mentioned do not take more than two years. However, a certain number of landed estates remain longer in the condition of large single farms. They form the second class of the landed estates managed by the Home Colonisation Commission.

At the moment the settlement properly so called, of which we shall give a detailed description further on, commences, the holdings pass into the third class. At this stage they have again to support large extraordinary expenditure. The managers, while they continue regularly to farm the land not yet handed over to the settlers, must lend these the greatest assistance for the organization of their farms, providing them with seeds and supplies of all kinds free of charge, and placing at their disposal all the resources of the central management for their installation and above all for the building of houses. The average cost of these services and these supplies is calculated at a thousand marks per settler.

In proportion as the holdings are handed over to the settlers, the direct farming for the account of the Home Colonisation Commission becomes more limited. Gradually the cattle, the supplies and the plant are reduced. In the year 1910-1911 their value decreased, in the case of 64 landed estates, in course of settlement, from 3,347,792 mks to 2,447,001 marks.

When the work of home colonisation is terminated, there hardly remains anything of the former general management, except the cashiers' office, which has to administer the holdings the Home Colonisation Commission has kept back for special reasons and which it farms. This is the fourth stage of temporary administration. According to the inventory of June 30th.,

1911, the value of the cattle, the supplies and plant of the 189 landed estates of this last class, amounted only to 155,472 marks.

In the year 1910-11, the total number of landed estates administered by the Home Colonisation Commission was 296. Their total area was 167,308 hectares, including the holdings already in the hands of the settlers. For 477 other landed estates of a total area of 196,044 hectares, the accounts were already definitely settled, so that they were no longer, in any sense, under the management of the Commission.

It will not be without interest to cast a rapid glance at the financial results obtained on the landed estates managed by the Home Colonisation Commission. For the purpose we shall give the following table relating to the last working year (July 1st., 1910 to June 30th., 1911).

Financial Results of Temporary Management, 1910-1911.

Class of Holdings.	I	II	III	IV
Number of Holdings	25	13	69	189
Area cultivated (hectares)	7,246	5,247	41,345	108,388
Excess of Expenditure over Receipts marks.	250,355	—	—	—
(a) or Excess of Receipts over Expenditure. marks.	—	195,525	307,195	124,488
(b) Decrease in Stock of Cattle, Supplies and Plant . . . marks.	127,246	1,194	900,728	217,318
Profit marks.	—	194,331	—	—
(c) or Loss "	377,601	—	593,533	92,830

It is not necessary to say that the financial results of the management of the landed estates as exercised by the Home Colonisation Commission cannot be judged by the same criteria as those of an ordinary farm. The costs of extraordinary works executed with a view to colonisation and the assistance given to settlers generally exceed the profits from the sale of the agricultural produce (grain, potatoes, beetroot, alcohol, etc.)

By these works also is explained the fact of the great differences between the results obtained on the various holdings. With the help of the averages for the four categories, we may however, recognise certain general features.

As appears from our table, it is the holdings included in the first category which, altogether, show the greatest loss. In 1910-11 their expenditure exceeded their receipts by 34.55 marks per hectare. The holdings included in the second category, on the contrary, show a profit of 37.26 marks per hectare, those in the third, one of 7.43 and those in the fourth, one of 1.15 marks per hectare. For the whole period between 1886 and the end of June, 1911, the temporary management has cost the Colonisation Commission, 11,920,935 marks in cash, in excess of its receipts. For some years the general accounts for temporary management have been closed with a credit balance, which in 1910-11, amounted to 376,852 marks. This result is chiefly due to the reduction of the area farmed, which entailed in the same year a decrease of 1,246,486 marks on the real value of the cattle, supplies, and and plant of the total holdings. On June 30th., 1911, this decrease was only 4,180,000 marks.

To form a sufficiently accurate idea of the real results of the temporary management, we must also take account of the seeds, supplies and other assistance in kind furnished free of cost to the settlers by the Home Colonisation Commission. The amount in 1910-11 was 3,915,000 marks, 3,113,000 marks for seeds and supplies and 502,000 marks for carting. Between 1886 and 1911, the total amount for these benefits was 42,080,000 marks.

§ 5. *Home Colonisation, properly so called.*

In order to establish a new settlement under the best conditions and distribute the holdings in the justest and most advantageous manner, a scheme of home colonisation is prepared. This scheme is of great importance for the prosperity of future settlers, and requires to be carried out with the more attention as mistakes once made are difficult to correct. The principal care must be to conform strictly to the natural conditions, which vary from place to place, so that it is impossible to draft the scheme according to general rules.

(a) *Plan of the New Village.*

The first point to be settled is the position of the new village. The decision depends on a large number of circumstances, notably the character of the fields, the position of the water and of the roads. After long experience, the commission has selected as the most practical form for the new settlement a form intermediate between that of the independent farms which characterize a large part of North Western Germany, notably Westphalia, and the class

of village found, for example, in the Centre of Germany. In general, farms are no longer established with too close a connection between them, nor completely isolated in the midst of their fields. At first, it was attempted to adopt the latter of these two systems, which, it is true, offers very great advantages.

It best permits the cultivation of the fields, with the greatest economy of time and labour; it further encourages cattle and poultry improvement; it diminishes the danger of fire. These are just the advantages that have caused it to prevail in North America. But the system has also some drawbacks. First of all it prevents each settler being given land of varying quality, which is as desirable for a just distribution of the land as for the cultivation of the various kinds of produce. The system is, besides, injurious to the development of the collective spirit, which, in new settlements is of such great importance, both for economic success (above all, in the form of co-operation) and for the preservation of national feeling. It has been attempted, as far as possible, to unite the advantages of both systems by the establishment of the new farms at a certain distance from each other along a principal road or several roads starting from a common centre. Generally, there has been founded on the site of the buildings of the former landed estate, and making use of them, a nucleus consisting of the town hall, school, church, inn, blacksmiths' and other village artisans' shops and some metairies. Thus, a true centre is formed for the public life of the settlement.

(b) The Distribution of the Holdings.

The plan of subdivision, drafted by the Home Colonisation Commission, before entering into negotiations with the settlers for the sale of the holdings, sketches provisionally the limits of each holding to be formed. The principal point to be solved by this means is that of fixing the area of the various holdings and forming them with a good assortment of various qualities of soil, always avoiding the scattering of the fields. It is also important, as far as possible, to assign to each holding a part of the meadowland. The plan is not, however, final; it may be modified at the desire of the settlers.

The following table gives important indications of the progress of home colonisation, in periods of five years. It appears, first of all, that since 1901 the number of holdings formed has largely increased and that, all the same, the relation between supply and demand has constantly improved.

*Number of Holdings Proposed and Landed Estates Sold or Rented
from 1886 to 1911.*

	Holdings Proposed		Estates Sold or Rented		
	Total Number	%	Total Number	%	% of figures in column 1
	1	2	3	4	5
<i>up to the End of 1896.</i>					
0-5 ha	438	14.6	252	12.8	57.5
5-10 "	489	16.3	431	21.8	88.1
10-15 "	570	18.9	429	21.7	75.3
15-20 "	560	18.7	336	17.0	60.0
20-25 "	409	13.6	207	10.5	50.6
25-50 "	443	14.7	244	12.4	55.1
50-100 "	84	2.8	64	3.2	76.2
over 100 ha	13	0.4	12	0.6	92.3
	3,006	100.0	1,975	100.0	65.7
<i>up to the End of 1901.</i>					
0-5 ha	886	14.3	693	14.8	78.2
5-10 "	946	15.2	860	18.3	90.9
10-15 "	1,315	21.2	1,032	22.0	78.5
15-20 "	1,429	23.0	903	19.2	63.2
20-25 "	804	12.9	556	11.9	69.2
25-50 "	705	11.3	536	11.4	76.0
50-100 "	114	1.8	100	2.1	87.7
over 100 ha	18	0.3	15	2.3	83.3
	6,217	100.0	4,695	100.0	75.5
<i>up to the End of 1906.</i>					
0-5 ha	1,549	11.8	1,392	11.6	89.9
5-10 "	2,261	17.2	2,175	18.2	96.2
10-15 "	3,762	28.6	3,386	28.3	90.0
15-20 "	3,294	25.0	2,852	23.9	86.6
20-25 "	1,231	9.4	1,127	9.4	91.5
25-50 "	911	6.9	879	7.4	95.9
50-100 "	130	1.0	128	1.1	98.5
over 100 ha	20	0.1	18	0.1	90.0
	13,158	100.0	11,957	100.0	90.9

Number of Holdings Proposed and Landed Estates Sold or Rented.

	Holdings Proposed		Estates Sold or Rented		
	Total Number	%	Total Number	%	% of figures in column 1
	1	2	3	4	5
<i>Up to the End of 1911</i>					
0-2 ha . . .	2,168	10.7	1,966	10.0	90.7
2-5 " . . .	1,151	5.7	1,130	3.8	98.2
5-10 " . . .	2,673	13.2	2,644	13.5	98.9
10-15 " . . .	6,091	30.2	5,966	30.5	97.9
15-20 " . . .	5,066	25.1	4,919	25.1	97.0
20-25 " . . .	1,676	8.3	1,607	8.2	95.9
25-50 " . . .	1,170	5.8	1,138	5.8	97.2
50-100 " . . .	145	0.7	140	0.7	96.6
over 100 ha . . .	70	0.3	66	0.4	94.3
	20,210	100.0	19,570	100.0	96.8

It appears also from the above that the small and medium sized holdings of from 5 to 20 or 25 hectares form by far the majority. Those from 10 to 20 hectares, called *Vollbauernstelle*, may above all be considered as the ordinary type of holding in the settlements of the Home Colonisation Commission. In fact, they best answer the two objects of the Commission, economic and national settlements. A holding of from 10 to 15 or from 15 to 30 hectares in area, according to the character of the soil, the climate and the markets, may be cultivated by the settler and his family without recourse to outside assistance or the settler having himself to seek supplementary work. It therefore permits of the establishment of the largest number of independent settlers and prevents the employment of foreign servants. We see from this table that the number of holdings of between 10 and 15 hectares increases faster than that of those of from 15 to 20 hectares. This size of farm is preferred by many settlers because it requires less capital. The technical progress of agriculture and the rise in price of agricultural produce have also largely contributed to bring it into favour. In places where the economic conditions permit of the introduction of more intensive cultiva-

tion, as in the environs of towns, and where the soil lends itself to it, even holdings of from 5 to 10 hectares, which are called *Halbbauernstellen*, are often capable of supporting an agricultural family. They are always formed of the best fields, so that the harvests may not be exposed to great variation.

Few holdings have an area of over 25 hectares. Some are formed, in order to have in the village, a certain number of peasants in better circumstances and better instructed than the others to serve as examples for them and to occupy themselves in behalf of the interests of the community. They also allow of a better utilisation of the older buildings. Yet, as they can not be worked by the family of the proprietor alone, they generally entail the employment of outside labourers. This is why, since 1900, a greater reserve has been necessary in their foundation. The following are the figures we have on the relation between their area and that of the total number of new holdings formed : in the period 1886-1910 it was 35.57 % for holdings of from 20 to 50 hectares, called *Grossbauernstellen*, and 6.49 % for those above 50 hectares called *Restgüter* ; in the period 1901-1906 it was only 18.48 % for the first and 1.58 % for the second. On the other hand, between the first and second period the proportion of *Vollbauernstellen* of from 10 to 20 hectares rose from 43.23 % to 66.83 %. For some years the foundation of *Restgüter* has been more frequent. This is justified, as also is the increase of State lands, realised by means of the special fund already mentioned, by political considerations : they are required for the maintenance of German influence in the local and provincial administration. The old provisions, still in force, upon this administration, bestow certain important privileges on the large landed estates which would profit the Poles if the large German estates disappeared.

The holdings of an area of less than 5 hectares, founded in increasing proportion above all in recent years, are the farms of labourers or artisans. Some artisans, in particular the carrier and the blacksmith, being indispensable in any village, the Home Colonisation Commission tries to make provision for them by offering the artisans ready to establish themselves in its settlements, farms of from 2 to 5 hectares.

(c) *Formation of Holdings for Labourers.*

In regard to labourers' settlements, the Home Colonisation Commission has as yet had but little success. In many settlements the economic conditions oppose their formation. Above all it is necessary for the labourers to have work during the whole year. But they are becoming less and less necessary for the farms in the winter, through the increasing employment of agricultural machinery. It is above all in the districts where there are

hardly any but peasant farmers that their livelihood is insecure. On the other hand, there are large isolated landed estates that cannot even obtain labourers for the year, because most of the latter do not wish to be dependent on a single employer. The most favourable conditions for their establishment are to be found in places where there are large forests or industries to provide them with work in winter. The environs of towns are naturally marked out for them, but generally the labourers established there only work for the factories.

Another reason for the little progress made by labourers' settlements, is the great expense of building the houses which obliges the Home Colonisation Commission to ask from the labourers a contribution in cash, however small. But when labourers have a small capital, it is their ambition to acquire a homestead and they will not be satisfied with a holding of two hectares or less. For some years, the Home Colonisation Commission attempted to overcome this obstacle by building labourers' houses to which it added a small field of about half a hectare or a garden, and let to labourers without capital. But these *Arbeitermietstellen* did not answer its expectations.

Without considering that the rent paid by the labourers did not bring in the usual interest on capital invested, too heavy expenses had to be borne for the upkeep of the buildings. Since 1909, when they were 522 in number, they are being gradually transformed into *Rentengüter*, so that at the end of 1911 there were no more than 218. Now new labourers' holdings are only formed as *Rentengüter*.

In recent years a considerable increase may nevertheless be observed in the number of labourers established by the Home Colonisation Commission. The number of holdings of 2 hectares and under rose from 985 at the end of 1909 to 1,966 at the end of 1911. We may suppose that this figure corresponds nearly to the number of holdings intended for the establishment of labourers. A holding of from a half hectare to two hectares in area is, in fact, considered as best suited to the needs of an agricultural labourers' family. It permits of the cultivation of the wheat, potatoes and vegetables for the household and of the rearing of a few pigs: for milk, goats are kept and sometimes even a cow. It has, besides, the great advantage that it may be cultivated by the wife and children and does not prevent the labourer from working elsewhere. A larger holding, on the contrary, might easily induce him to neglect his paid labour. It is to artisans holdings of more than 2 hectares should be given, provided their trade leaves them the time to occupy themselves also with the cultivation of their field.

In the session of the Home Colonisation Commission, held on January 29th, 1912, a report was presented on the first 900 *Arbeiterrentenstellen* formed by the Commission. We think it well to give in this connection the following indications, in illustration of this difficult and important branch of Home Colonisation. The 900 holdings, only 198 of which were

founded before 1907, whilst the rest were established between 1907 and 1909, are distributed among 208 peasant settlements. The land of these holdings amounted to a total of 1,086 hectares. This gives an average of 1.17 ha. per holding. 218 holdings have been enlarged later, principally by means of leases. For this reason there are among the 900 holdings 21 of from 2 $\frac{1}{2}$ to 3 hectares, and 50 of more than 3 hectares, whilst at first there were only holdings of less than 2 $\frac{1}{2}$ ha. 51.5 % of the proprietors are engaged in agriculture, 34.6 % in manufactures: the rest are principally artisans and small clerks. The houses have for the most part been built by the Home Colonisation Commission. It has spent on an average 4,235 marks per house. These expenses besides tend to increase. The labourers generally pay from 10 to 20 % of the price in money; the rest is met by a mortgage extinguishable in annuities. The price of the land, which, on an average, is 1,354 marks per hectare, is paid by means of an annual rent of 3 %. It would lead us too far afield to speak of the economic conditions of these settlers. Let us only give the following figures on the cattle and the poultry: on the 900 holdings there were 66 horses, 682 cows, oxen and calves, 727 goats, 2,909 pigs, 9,915 fowls, 759 geese and 1,438 ducks.

Since 1910 the Home Colonisation Commission has again indirectly contributed to the establishment of agricultural labourers, granting premiums to small local societies the object of which is to found labourers' holdings for purposes of public utility. The Ministerial Decree of September 10th., 1910, fixes the amount of the premiums at a thousand marks per holding. This is meant to meet the expenses of general institutions, in particular, of schools. At the end of 1911, the amount spent for this purpose by the Home Colonisation Commission was 186,000 marks.

Almost the whole of this sum, that is 180,000 marks, was given to 15 societies of the Province of Posen. Subventions of this character may also be granted to the local administrative bodies (communes, cantons) and even to private individuals, if they act in the general interest.

(d) *The Instalments.*

As we have explained, the holdings are generally granted to the settlers to be paid for in annual instalments. They may also be given on lease, but this form is not very usual. It is only an expedient for keeping settlers who have little available money. Although holdings paying annuities do not necessitate any payment in cash for the land, they nevertheless require fairly large amounts of capital for purchase of livestock and implements and above all for the building of the houses, which generally is incumbent on the settler. As to the holdings leased it is the Home Colonisation Commission that builds them at its own expense, so that the capital of

the settlers may be entirely applied to the suitable installation of their farms. In face of this advantage, the lease has, however, several drawbacks; it does not encourage cultivation, because the settlers have but little interest in making improvements; it imposes a large expenditure on the Home Colonisation Commission and requires of it a difficult and costly supervision. Therefore it is not any longer founding as many holdings on lease as between 1902 and 1906, at which date they formed 35 % of the new holdings.

It is now trying to convert them into properties purchasable in instalments, as has been done in the case of its similar holdings for labourers. In 1911, for example, for 348 old holdings on lease transformed, only 167 new ones were formed. At the end of 1911, the total number was 2,599, that is to say, 13.3 % of the 19,570 holdings formed in all since 1886.

The instalment is fixed at 3 % of the value of the land, that is, at an amount 1 % below the ordinary rate of interest. However, the *Rentengüter* pay instalments of 3 ½ %.

According to the contract the Home Colonisation Commission makes with the settlers, this annuity may be redeemed by payment of a lump sum with the exception of a tenth which can only be redeemed with the consent of the Commission. This latter provision has been made, because the Home Colonisation Commission may only reserve to itself a right of supervision over the holdings when they have to pay it annuities. Up to the present no settler has availed himself of his right to redeem, on account of the low rate of the instalments.

The State can only enforce redemption after 50 years, but in that case, it must renounce its right to part of the capital, as the amount claimed by it may not exceed 25 times the amount of the instalment, that is to say, 75 % of the value on which the annuity is calculated.

This value is determined by means of a precise estimation of the productivity of the soil, and checked by comparison with the results given by similar settlements already existing. Up to 1905, the Colonisation Commission fixed the price of the land by the cost price (purchase price plus the debit balance in the accounts of the temporary management), distributed among the various holdings of the settlement in accordance with the quality of the soil. The value thus obtained (called *Anrechnungswert*) did not, however, always correspond to the true value of the yield, because the cost price was often modified by special circumstances. To correct this error, the Home Colonisation Commission, in many cases, reduced the amount of the instalments to be paid by ¼, ½, ¾, 1 or even 1¼ %. The new system by which the annuity is indiscriminately fixed at 3 % of the real value is more accurate and more just, both as regards the amount of the annuity itself and that to be paid for eventual redemption. The surplus of the purchase price over this estimated amount is borne by the Home Colonisation Com-

mission, which also profits by eventual surpluses on the other side. The landed estates settled in 1911 produced a surplus of 184,379 marks, or 0.72 % of the cost price. For the period 1886-1911, on the contrary, there was a general deficit of about 9 million marks or 2.34 % of the cost price, caused above all by the difficulty there has been in utilising the former buildings advantageously

The price the colonists pay for the land has a tendency to rise in consequence of the improvement in the cultivation and the general conditions of agriculture. Between 1887 and 1906, it was on an average, 23.20 mks per hectare. In 1906 the average price was 30.43 mks.

(e) Organisation of the Public Institutions.

It is to be observed that the Colonisation Commission does not include in its cost price, either the subventions already mentioned given to the settlers for their establishment, nor above all the costs of the regulation of public business (communal, parochial, scholastic). These costs are also very considerable. This is due to the great anxiety of the Home Colonisation Commission to give the new villages all the institutions required to make well constituted social organisms of them. Every year, the Commission spends a large amount on the building of public edifices. Between 1886 and 1911 it built or enlarged at its own expense 84 churches and chapels at a cost of 2,561,650 marks, 58 parsonages at a cost of 1,265,800 mks, 449 schools for 8,434,400 mks and 548 communal buildings (town halls, benevolent institutions, fire engine stations, etc.) for 2,135,200 marks. This makes a total expenditure of 14,397,050 marks. In 1911 this expenditure increased to 807,100 mks.

In addition to this, the Home Colonisation Commission tries to ensure the existence of the communes, churches and schools, by means of grants in land, and sometimes also in money. The landed estates with which it supplies the communes are very considerable. On an average they form about 5 % of the area of the land assigned to the settlers for their personal farming. This is how the 366,166 hectares the Home Colonisation Commission had at its disposal up to the end of 1911 had been distributed : the settlers personally received 283,315 hectares ; 45,417 hectares were transferred to the Treasury and to persons other than settlers ; 7,983 hectares had been reserved to meet the applications for enlargement of their holdings the settlers might make in future or for special reasons ; 29,451 hectares, finally, had been utilised for public requirements (ditches, roads, etc.) and above all for grants to the communes. Thus, communal landed estates, condemned by the land reform of the 19th. century, are again introduced into these settlements founded on the initiative of the State. The favourable influence they have on

the prosperity of the new communes justifies the step. Above all, they help to defray the public expenses. Some villages derive a large enough income from them to dispense with communal taxation.

(f) *The Settlers.*

The number of applications addressed to the Home Colonisation Commission by persons desirous of purchasing holdings is continually increasing. It was 8,276 in 1911, far exceeding the number of settlers finally accepted (1,281). A rigorous selection is made so as to eliminate persons whose conditions or character give no sufficient guarantee. The Home Colonisation Commission tries above all to attract settlers from the West and South of Germany, because in those regions agriculture is most advanced. At the same time, it thus increases most effectually the German population of the two provinces. Among applicants from those provinces themselves, it generally only accepts those who have not means for buying an independent holding and who would abandon the country if they were not assisted in establishing themselves there; on the other hand, it avoids establishing the sons of peasants who are well off, in order not to attract purchasers away from the peasant holdings voluntarily offered for sale.

We have still to mention the settlers coming from abroad. These are emigrants or rather descendants of emigrants, who desire to return to the land of their origin. For the most part, they come from Russia. Many of them are not very well educated. However, they are favourably welcomed on account of the fidelity with which they have preserved their national character during their long sojourn among foreigners.

The 19,750 settlers established up to 1911 were divided as follows, according to their place of origin :

West Prussia ,	2,136	Saxony	1,418
Posen	2,706	Schleswig-Holstein.	28
	<u>4,842</u>	Hanover	765
		Westphalia	1,775
East Prussia	142	Hesse-Nassau	319
Brandenburg	985	Rhenish Provinces	197
Pomerania	1,221		
Silesia	607	Western provinces of Prussia	<u>4,502</u>
Eastern provinces of Prussia	7,797	Other German States . . .	2,211
		Foreign Parts	4,990

It is principally in the last ten years that the number of settlers from West and South Germany and from foreign countries has exceeded that of the settlers from the Eastern Provinces of Prussia.

Thus, at the end of 1901, out of a total number of 4,679 settlers, 57.2 % came from the 6 provinces of Eastern Prussia ; only 39.9 % come from West and South Germany and 2.9% from foreign countries. At present, the proportion is 38.6 % from the Eastern provinces, 34.3 % from the rest of Germany and 27.1 % from foreign countries. It is to be observed that Pomerania, in spite of the rather active home colonisation accomplished there, provides the Home Colonisation Commission with a fairly large number of settlers. This is in consequence of the difficulties young farmers have in establishing themselves there on account of the large landed estates.

(g) *The Buildings.*

There is no need to say that the foundation of a new settlement renders necessary the erection of a large number of dwelling houses and farm buildings. This a question of the utmost importance for the success and well being of the settlers. And the Home Colonisation Commission has always given the greatest attention to this work. We shall only speak here of buildings for private use, the number and cost of the public buildings erected by the Home Colonisation Commission having been already mentioned in the preceding pages.

In general, the settlers may build their houses according to their own ideas and for their own account. Except public buildings the Home Colonisation Commission hardly builds any houses other than those required for the farms leased and the labourers' and artisans' holdings. In 1911, for example, it built for its own account 6 inns, 51 farm houses, 31 artisans' houses, 178 labourers' houses containing 190 apartments, 4 private dwelling houses, 120 stables and barns and 72 outhouses for a total of 3,493,500 marks. The following are the expenses for the various kinds of landed property ; the buildings necessary for labourers' holdings of 1.25 hectares cost from 4,200 to 4,800 marks ; those for a peasant holding of from 10 to 15 hectares, about 9,500 marks and those for one of from 15 to 20 hectares about, 11,000 marks. Experience has shown that the houses built by the Home Colonisation Commission are often dearer than those built by the settlers themselves ; this is because the settlers generally do part of the work themselves. Besides, it is difficult for the Home Colonisation Commission to conform itself in advance to the tastes of the settlers, who have very different desires according to their place of origin.

The Home Colonisation Commission does not however renounce all influence on the settlers in reference to the building of their farm houses. With the help of its long experience, it guides them and endeavours to hinder them from incurring useless expense. It even supplies them with plant free of charge. It has also endeavoured to introduce a uniform style adapted

to the requirements and the conditions of the settlers, who, at first, simply copied the style of the district they came from.

The Home Colonisation Commission thus exerts a sort of supervision over the buildings, which is the more profitable as many settlers are disposed to instal themselves in a manner beyond their means. But it does not limit itself to this. It also offers them large material facilities to help them to overcome their initial difficulties and to habituate themselves to their new conditions. Thus, as we have already seen in speaking of the temporary management, it carries the building material free of charge. It even supplies a large part, as the stones, sand, gravel, and bricks made in its own kilns, at cost price. Besides, it exempts from payment of instalments for three years the settlers who take a holding without buildings on it. If, on the arrival of the settlers, the houses required exist already entire or in part, it grants them to them for one or two years rent free.

The Home Colonisation Commission, on principle, requires that the settlers have the capital to pay for the buildings and to buy the livestock and implements. However, it usually grants them loans to make up the difference between the amount of the capital they bring and the expenditure recognised as necessary. The loans may attain an amount equal to half what the settlers have at their disposal. The rate of interest is $3\frac{1}{2}\%$. The loans are paid off in $20\frac{1}{2}$ years by means of sinking fund payments of $3\frac{1}{2}\%$.

(h) *Works of Thrift.*

The Home Colonisation Commission does not cease its solicitude for the settlers at once the settlements are founded. We may say, on the contrary, that it always continues to interest itself in their fate. Without habituating the settlers to consider themselves pensioners of the State, it protects them, during the first years, against calamities that might imperil their position. It encourages them, besides, in all sorts of ways. It provides the settlers with breeding stock for the advancement of livestock improvement. It has also greatly encouraged the cultivation of fruit trees. In 1910, the number of trees planted in the settlers' gardens at its suggestion was 418,868. Since then, the Posen and West Prussia Chambers of Agriculture, in virtue of a contract entered into with them by the Home Colonisation Commission, undertake to plant and superintend the fruit trees in the settlers' gardens and along the roads. In virtue of this contract in 1910 and 1911 there were planted in private gardens, 52,603 fruit trees, and 2,528 walnut trees; in model gardens 6,354 fruit trees, and along the roads 25,429 fruit trees and 8,783 other trees.

We have already said that to ensure the prosperity of its colonies the Home Colonisation Commission takes care to organize the public institutions

at the start. In the same way it encourages the foundation of co-operative institutions. These are even more useful for the settlers than for farmers in general. At first, as they come from different districts, the settlers are inclined to mutual distrust and to isolation of themselves.

On the contrary, compelling them to occupy themselves with the common interests, co-operation brings them in contact with each other and creates mutual confidence and friendships more quickly.

Credit co-operative societies are even more necessary than the others, for, in the early years, most of the settlers invest all their savings in the buildings, cattle and implements needed for the farm, so that, for their current needs, they are obliged to have recourse to personal credit. As they are little known and money is scarce in these provinces, they would have to submit to very burdensome conditions, if they applied to private lenders. But co-operation renders them strong and independent. Thus, it is one of the most urgent cares of the Home Colonisation Commission to see that each settlement is provided as early as possible with a credit society. Many of these co-operative credit societies also undertake the sale and purchase of produce, when special societies have not been formed for the purpose. Among the co-operative societies for production the most numerous are the co-operative dairies and distilleries. The first render the settlers services of the greater utility as dairy produce has made great progress in the new settlements and a part of the produce must be sold outside the province. A good influence on the quality of cattle is also attributed to them. Co-operative distilleries almost always take the place of distilleries already worked by the previous proprietors, whose privileges with regard to excise on alcohol they succeed to.

The various co-operative societies are supported by several central banks and institutions. They almost always work successfully. Besides, the Home Colonisation Commission not only encourages the progress of the co-operative spirit by its moral support, but also by means of material advantages : entrusting the central institutions with the sale of wheat, and the purchase of cattle foods and manure for the holdings it farms undivided, it contributes greatly to the increase of their profits and their business. In this way, it encourages the advance of the system of warehouses and barns.

The Home Colonisation Commission finally concerns itself with agricultural education. It has founded a certain number of agricultural schools and winter schools for the sons of settlers. For the young girls there are housekeeping schools. Adults may increase their knowledge and keep themselves informed of the progress of agriculture, by becoming members of the various associations and attending the lectures of the itinerant lecturers. Further, institutions of every character are being founded to assist the population to solve the daily problems of life. In work of this character, the Home Colonisation Commission is seconded by private individuals and as-

sociations. It is especially to the German Association for the welfare of the Rural Classes (*Deutscher Verein für ländliche Wohlfahrts- und Heimatpflege*) that the settlers are in part bound for their prosperity.

§ 6. *The Conversion of the Debts on the Former Landed Estates.*

In the provinces of West Prussia and Posen, as also in East Prussia, Silesia and Pomerania, the farmers are very deeply in debt. This is partly due to the excessive price paid for land in consequence of the purchases of the Home Colonisation Commission and the Polish competition, which is also increasing in the neighbouring provinces. There ensues a mischievous change of ownership of landed property. Many sell their lands, to free themselves of debt or to profit by the high prices paid for land. The Home Colonisation Commission, which is naturally alarmed at this state of things, has, however, sometimes tried to remedy it, by obtaining purchasers for the vendors, or itself purchasing the landed estates offered for sale. This explains the extraordinary increase in the number of peasant holdings bought by the Commission between 1902 and 1906 (See table, pp. 148-149).

Since 1904 it has remedied it much more effectually. It substitutes the private debts, generally at a high rate of interest and short maturity, by debts repayable in instalments. It thus consolidates German property. Therefore this action is called *Besitzfestigung*. Although its relations with home colonisation are only indirect, we must speak of it for, otherwise, the description we have attempted to give of the action of the Home Colonisation Commission would be incomplete.

The following is in outline the procedure followed for the purpose.

The Home Colonisation Commission has as auxiliaries two banks, the *Deutsche Mittelstandskasse*, founded in 1904 at Posen, and the *Deutsche Bauernbank für Westpreussen* founded in 1906 at Dantzig. They are constituted as limited liability societies. The first, which has a capital of a million and a half marks, has for members the State, the two provincial agricultural co-operative banks, constituted in the provinces of Posen, partly on the Raiffeisen and partly on the Offenbach system, and the Landbank of Berlin, a private home colonisation society. The second, with a capital of 1 million of marks, is constituted by the State, the Provincial Bank of Agricultural Co-operative Societies and the Bank attached to the Provincial Landschaft.

For the conversion of their debts the landowners must apply to one of these banks. If the application is granted, the *Besitzfestigungsbank* entirely undertakes all the business and researches necessary for the correction of the entries in the land register. Often these entries are extremely confused

and partly ineffectual and only form an obstacle to land credit. Afterwards the banks substitute the debts proved valid, first by a redeemable loan from the Landschaft or any other public credit institution, and secondly, by a loan from the Home Colonisation Commission.

This latter grants loans to a higher amount than the Landschaft, or up to $\frac{1}{4}$ of the value of the holding. The Landschaft only lends up to two thirds of this amount and besides makes its calculations very prudently. The Home Colonisation Commission may be less exacting, first, because it does not work with money borrowed from the public, and above all because it obtains for this kind of loan the double guarantee of the Besitzfestigungsbank and the local agricultural credit banks. In the two provinces there are about 400 credit banks (260 in the province of Posen and 140 in West Prussia) which share in these operations. Without being obliged to invest their money, they have an opportunity of making a profit, and increasing the number of their members. After the conversion of the debts on land it is incumbent on them to provide personal credit.

Their assistance is naturally limited to the peasant holdings. For loans granted since 1908 to the large estates, the Besitzfestigungsbanken must be sole security.

The landholder whose debts are converted must consent to the transformation of his holding into a Rentengut. This condition puts him in the same position with regard to the Home Colonisation Commission as the settlers it establishes. The annuity is fixed at 4 % for peasant holdings and 4 $\frac{1}{2}$ % for large landed estates, of which 3 $\frac{1}{2}$ % is interest and $\frac{1}{2}$ % and 1 %, respectively, sinking fund. The quality of Rentengut is permanently imposed by the stipulation that an annuity of a mark cannot be redeemed.

Sometimes the holdings, the debts on which are converted, at the same time change owners or are subdivided. Fairly often, it happens that fields too far from the centre of the farm, are allotted to other proprietors. In this way, opportunity is given above all to the small proprietors to enlarge their holdings, without expenditure of capital. The Besitzfestigungsbanken thus directly contribute to home colonisation. They have also, by virtue of a Decree of September 10th., 1910, the office of facilitating for the local colonisation societies the formation of labourers' holdings, obtaining for them financial assistance from the Home Colonisation Commission in addition to the premiums it may grant them. The loans may amount to three fourths of the value.

The law of March 20th., 1908, assigning very large amounts for the work we have just described, proves that the country has fully understood its utility. The results already obtained are very remarkable. From 1906 to the end of 1911, the *Mittelstandskasse* has, in the Province of Posen, converted the debt on 3,210 peasant holdings of an area of 57,644 hectares and those on 40 large landed estates of an area of 27,544 hectares. The *Bauern-*

bank between 1907 and 1911 converted the debts on 2,632 peasant holdings of a total area of 63,244 hectares and those on 69 large landed estates of an area of 28,117 hectares, in the province of West Prussia. 268 of these 5,951 landed properties have changed owners, partly through their subdivision. At the end of 1911, the conversion of the debts on 2,741 peasant holdings and 109 large landed estates was in course. It had been refused in the case of 3,182 peasant holdings and 102 large landed estates, because their too great indebtedness or other circumstances rendered it impracticable.

It is particularly interesting to examine the financial effects of this conversion of debts. They are seen in the following table :

	Peasant Holdings	Large Landed Estates
Indebtedness before Conversion (Marks)	113,783,533	45,901,674
Indebtedness after Conversion (Marks) :		
(a) to Landschaften, etc.	53,317,790	25,464,540
(b) to the Home Colonisation Commission . . .	54,234,947	18,291,967
(c) Private Mortgages	6,856,557	2,188,555
Diminution of Interest to be paid (Marks)	1,075,570	269,409

The savings realised by the landowners are very considerable. Even with the sinking fund amounts, they have to pay less than before: the annual burden on the peasant holdings, has been diminished by 554,646 marks, and that on the large landed estates by 75,146 mks.

The rapid success of this system of consolidation of landed property has naturally suggested the idea of applying it also in other provinces. We shall only say a few words on these efforts which have only just begun to be made.

Some years ago the *Ostpreussische Landgesellschaft*, a colonisation society founded in 1905 with the participation of the State, attempted to apply the *Besitzfestigung* in the province of East Prussia, as a supplement to the foundation of peasant and labourers' holdings, which is its chief object (1). It had to support it, in the first place, the Landschaft and, in the second, the Provincial Banks for Improvement Credit (*Provinzialhilfskasse*), which, by means of bonds, supplied it with the funds necessary for the second mortgages

(1) See the second part of this article.

it, gave on the security of the local credit co-operative societies. But its efforts were impeded by the low quotation of the provincial bonds. At the end of 1909, its board of management declared it was no longer in a position to continue working unless it received a subvention from the State.

The new law of June 26th., 1912 on the reinforcement of the German nationality in certain parts of the country has just created a fund of 100 million marks for the extension of the Besitzfestigung to the parts of East Prussia, Pomerania, Silesia and Schleswig-Holstein where it also might seem desirable to consolidate the landed estates. A bank to be entrusted with this work in the province of Silesia is in course of formation.

§ 7. *The Results.*

To understand the general importance of the work accomplished by the Home Colonisation Commission, we shall first examine its financial results. Of course, we must not judge of them as of those of any business the principal object of which is to get a high interest on the capital with which it works. The duty of the Home Colonisation Commission is not to make a profit. However, the capital entrusted to it is also not intended to be given away. The law of 1886 in this connection prescribes that the new holdings must be granted on conditions assuring the State suitable compensation.

In speaking of the annuities we showed how the Home Colonisation commission satisfied these requirements. We saw that during the whole period from 1886 to 1911, its expenditure for purchase of landed estates and for their improvement was met by a revenue in the proportion of 97.66 %, leaving a deficit of 2.34 %

There are, however, expenses the Home Colonisation Commission does not include in its calculation of cost price, because they are not to be charged against the settlers. These are, in the first place, the costs of organising the public institutions, which the 1886 law makes a charge against the State. These expenses amounted in the case of the landed estates, the accounts for which were made out in 1904, 1905 and 1906, on an average to 1,776 marks for each landed estate (1). To this amount must be added the amounts for the years of free possession and for the assistance given to the settlers for building and installation. In the work «Zwanzig Jahre deutscher Kulturarbeit» they are estimated at 2,500 marks. As, according to that

(1) In the case of those landed estates for which the accounts were made out in 1911, the expenditure for organising the public institutions was, on an average, 2,435 mks. per estate, that is, 1,417 marks for the communal, parochial and scholastic institutions and 1,018 marks as value of the land granted in donation to the communes.

book, the value of the land allotted in holdings is on an average 17,000 marks and the loans granted to settlers for their buildings amount on an average to 2,000 marks, the Home Colonisation Commission invests in the holdings it creates an average amount of 23,276 marks, of which only 81.6 % bears interest. This is how the interest on the whole of the fund really invested was only 2.48 %. Since then the proportion seems to have improved, for the report of 1911 shows for the holdings for which the accounts were made out in that year an average rate of 2.74 %.

In this calculation, however, account has not been taken of the working expenses and the loss of interest incurred by the Home Colonisation Commission in the period between the purchase of the landed estates and the moment at which, the settlers began to pay their instalments. According to the above work, these expenses and losses amounted on an average to 16.42 % of the purchase price, that is 4 % for interest lost during the two years of temporary management, 7 $\frac{1}{2}$ % for the remission of their annuities granted to the settlers for the years of free ownership and 1.92 % for working expenses. These charges again reduce the interest by about $\frac{1}{2}$ %, so that the average interest the Colonisation Commission really receives on the capital it invests is between 2 and 2 $\frac{1}{2}$ %. It is therefore about 1 % below the interest at which the State can obtain for itself capital at long maturity.

Besides the annuities due to it from the settlers, the Home Colonisation Commission has, however, something more to enter to its credit, something less easy to calculate, but not less real; the effect of its action on the general prosperity of the country.

The 19,788 new holdings the Home Colonisation Commission has created cause first of all a considerable increase of the population. The 19,788 families established in this way represent about 120,000 persons largely coming from other provinces or even from other countries. There are besides many persons who have settled voluntarily in the two provinces on account of the better chances of success they have there to-day in consequence of the beneficent action of home colonisation on the economic life. The 19,788 new holdings mean also so many families raised to a higher social level. It is the best way to solve the social question, for thus there is formed between the large landholders and the labourers a class of independent persons forming a link between the two former classes, too dissimilar one from the other. At the same time the effects of the labour difficulty are diminished.

We have already shown the happy results the work of the Home Colonisation Commission has on the general condition of agriculture in consequence of the improvement of the soil and the new kinds of cultivation introduced by progressive settlers and also in consequence of agricultural co-operation and education. The work we have several times referred to, "Zwanzig

Jahre deutscher Kulturarbeit ", shows in detail this influence in the comparison it makes of the cultivation of the soil, the harvests, the number of livestock, the employment of chemical manure, etc. in districts where there has been home colonisation and districts where there has not been. We find a considerable difference in favour of the first. This is confirmed by all accounts of the economic and social conditions of the settlements. Cases in which settlers have to abandon their holdings through not being able to meet their obligations are very rare and the reason for them is generally to be looked for in the personal character of the settler and not in the conditions¹ of his holding.

There is no need to say that home colonisation is fruitful of good effect also for the other branches of the national activity. By means of the purchases they make for the purpose of building their houses and for the installation of their farms, the settlers put very large sums of money in circulation. But also the regular requirements of an agricultural population promote the trade of the commercial and industrial centres of a region and a province in a much higher degree than those of the large proprietors. The latter generally, for the purpose of purchase and sale, enter into relations with the merchants in the large towns or even in the capital, and, as their labourers have not very large needs, the small towns in their neighbourhood are condemned to stagnation. It is not therefore surprising that the establishment of a numerous peasant population should have a large influence on the progress of the towns. To surround these with a circle of peasant settlements is therefore a specially efficacious form of home colonisation and it is this end the Home Colonisation Commission above all things attempts to realise.

Considering all these effects, we understand that the Home Colonisation Commission is to-day a factor of the highest importance for the provinces in which it works. If it ceased its action, it would endanger many undertakings, the existence of which is based on the new conditions it has created. Besides, it has as yet only accomplished a small part of its task. On the other hand, in attempting to continue its work it meets to day with very serious obstacles. The most serious is the difficulty of obtaining the necessary land. Last year its purchases were very appreciably arrested, and although the current of settlers is continually increasing, the land at its disposal is diminishing. At the end of 1911 it had still 33,275 hectares. But 13,873 hectares cannot, or at least not immediately, be used for the formation of peasant holdings. Of the 19,438 hectares remaining, 2,000 are intended for the formation of larger holdings, and 2,200 must be used for special requirements (common lands, trenches, roads, etc). There, therefore, only remain 15,038 hectares available for the formation of new holdings. That area will be enough for about 1,300 holdings. At the end of 1910 there were

still 28,300 hectares available, enough for 2,250 holdings and two years ago there were 41,324 hectares, enough for 2,900 holdings.

This situation explains why it has been at last decided to have recourse to the right of expropriation established by the law of March 20th., 1908. According to a statement of the Minister of Agriculture, however, it will only be applied in the case of landholders who have been only a short time in possession of their landed estate.

(To be continued).

MISCELLANEOUS

SPAIN.

CURRENT QUESTIONS.

The Problems of Home Colonisation in relation to Credit and Co-operation.

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§ 1. *Introduction.*

The density of the population of Spain, which under Roman rule attained the figure of 60 or 65 per sq. km., does not to-day exceed that of 38.8.

It must not, however, be thought that in the earlier period the area cultivated was larger than it is to-day, that the soil was better cultivated, or that the industry generally was more advanced. The great difference in the density of the population is only explained by the fact that at that date the region enjoyed remarkable prosperity, thanks to the natural fertility of the soil, and the accumulated wealth of centuries.

We must remember further that the substrata of the soil supplied, without great effort, a considerable quantity of excellent minerals, that the soil, cultivated over an area not in excess of that now under cultivation, produced abundant harvests, and that the uncultivated part, which might, as now, represent half the total area, abounded in cattle and for-

ests. All these favourable conditions must therefore have afforded considerable material prosperity.

It is not, besides, impossible that the fertility of the soil was formerly greater, — whether because the country had a better climate, in consequence of more abundant rains, etc., or because the rain water, better regulated in its course owing to the existence of forests, was more extensively utilised.

It is certain that these reserves are now exhausted, and that the rainfall is greatly reduced. The population of Spain decreased gradually, until, at the end of the seventeenth century, the density was 15 per sq. km., rising again very slowly, until to-day it is not quite 39 per sq. km. The large reserves of natural wealth exhausted, it cannot be hoped that an increase of the population, which means increase of political and economic power, will be produced by the reappearance of the same conditions as those in which the great density of population originated in the period of Roman rule and perhaps even at the beginning of the Arab domination. It can as little be hoped that the reafforestation of the greater part of the uncultivated districts and ill cultivated regions may be effected in proportion as the population increases, even if it were possible to provide for it in the requisite degree, in view of the present climatic conditions and the regrettable deforestation of the summits and slopes of the mountains.

And an increase of the population cannot even be hoped for from an intensive industrial régime, either because the customs and traditions do not lend themselves to it, or because it would not be prudent to give such a direction to the national activity, at a moment when the disquieting over-production of large manufactures is causing general alarm.

No, Spain, which derived its prosperity formerly from agriculture and mines, will only be able again to attain to economic prosperity with the help of the same sources of wealth. Its industrial activity finds an extensive field in the natural produce of the soil; its commerce finds its elements of life, in the immense seaboard of two seas, which form the great highways of the traffic of the two worlds.

But as, we cannot return to the past and, on the other hand, we have no longer at our disposal the reserves of wealth of former days, it is necessary to put the soil in a position to produce such wealth: many uncultivated areas must be brought under cultivation, always with due regard to the principles of reforestation. What is necessary, in the main, is the *settlement* of uncultivated areas and the transformation of agricultural methods, both as regards new areas and such as have long been farmed.

§ 2. *Present Distribution of the Soil.*

The following table, showing the distribution of the soil in Spain, shows the possibility of realising this great reform :

		Hectares	Percentage
Cultivated Land	Field { extensive	16,000,000	31
	Crops { intensive	864,000	2
	Ligneous Plants	3,019,000	6
Uncultivated Land	Covered by Trees and Shrubs (Woods).	4,912,000	10
	Without Trees or Shrubs	20,800,000	41
Land absolutely sterile		4,856,688	10
Total . . .		50,451,688	100

An examination of this table shows that two fifths of the soil is uncultivated ; — the production of these regions is limited to herbage, which is utilised directly by *wild* cattle, — and about a third is sown to grain extensively.

The production per unit of area, for the two classes of land, is very small.

Recent census returns give the following figures for Spanish livestock.

1st. Group	Horses	495,000 head	4,512,000
	Mules.	865,000 „	
	Asses.	835,000 „	
	Horned Cattle	2,317,000 „	
2nd. Group	Sheep.	15,471,000 „	21,052,000.
	Goats.	3,285,000 „	
	Pigs	2,296,000 „	

We may say that the value of almost the whole of the second group is equal to half that of the first ; the second group feeds on the herbage of the 20,800,000 hectares of bare and uncultivated land.

Admitting that the large livestock is to the small in the proportion of 1 to 8, if we take half of the first group, and subtract the pigs from the second, it may be said that the uncultivated land feeds :

2,256,000 head of Large Livestock, equal to	18,048,000 head of Livestock
Small Livestock (Sheep and goats)	18,756,000 ..

Total . . . 36,804,000

which means 1.8 head of sheep and goats per hectare, evidently a very low figure.

The figures of the last statistical returns show that the intensity of cultivation is very limited, relatively to the area cultivated.

This year the crops (including those of intensive cultivation) were distributed as follows :

Wheat	3,851,472 hectares
Rye	804,460 ..
Barley	1,318,621 ..
Oats	490,724 ..

Total . . . 6,465,277 ..

Even supposing for a moment that the lands under intensive cultivation are not sown to grain, it is still evident that out of the 16,000,000 hectares devoted to the cultivation of grain and green crops, only 6,500,000, that is 41 % are sown annually; the rest, that is 9.5 million hectares, lies fallow.

Now, admitting that this last class of land areas only represents the half of the 9.5 million hectares not sown, we must add to the above amount that of the area uncultivated but still productive of pasture, in order to calculate the annual produce of one hectare of pasture land. We shall then see that the average number of head of small cattle deriving nourishment from the land left constantly or periodically uncultivated is no more 1.8 but 1 per hectare.

Admitting that a hectare intended for the cultivation of wheat (unsown) yields on an average 10 quintals, the production of wheat will be 65 million quintals, which, divided by 16 million hectares, represent an annual yield of 4 quintals per hectare, corresponding, in round numbers, to 5 hectolitres.

It will be then recognised that 41% of the Spanish soil gives an annual yield corresponding to the pasture required for the feeding of one goat,

or a little more, per hectare; 31 % gives an annual gross yield of 5 hectolitres of wheat per hectare. If we add to these figures those for the entirely unproductive area, we reach the conclusion that the yield of each of the four fifths of the Spanish soil is far below the most pessimistic anticipations.

The figures for the distribution of crops are, however, too general to serve as a safe guide.

Although we have no statistical data, we shall try to establish some distinctions. We may divide the absolutely uncultivated area, the sole production of which is pasture, into the following categories :

(a) the *dehesas*, which are large areas of comparatively good pasture, that can feed more than 5 head of small, and the corresponding number of large livestock per hectare. These regions extend along the banks of the rivers and the Atlantic slope, and include a large part of the belt of the land of Silurian formation along the Portuguese frontier.

(b) the "*eriales y baldios*," which are real steppes scattered over the country, both in the high central plateaux and in the valleys of the mountains along the coast. A hectare of this class of pasture land hardly produces enough yearly for the nourishment of a single head of small cattle.

(c) the *summits, slopes, and high plateaux*, where grazing is scanty and difficult of access for livestock, the yield of which besides is far below the general average.

It is almost impossible to calculate the area to be attributed to each of these groups. We may say that the *dehesas* approximately cover half the area of the provinces of Caceres and Badajoz, a third of the provinces of Zamora and Salamanca and a tenth of the provinces of Seville, Cadiz, Huelva and Ciudad Real; they may occupy altogether about three million hectares. The "*eriales y baldios*," that is to say, the land of class (b) may have an area of about 3 million and a half hectares, in plains and steppes, and the same area in hollows and valleys, or, altogether, 7 million hectares; the remainder (ten million hectares) comprises the land in class (c).

The area under extensive cultivation of grain and green crops may be divided as under:

(d) The land under permanent alternate cultivation of grain and green crops, which may be considered as a class very much akin to that of purely intensive cultivation. Such land covers a total area of about 2 million hectares.

(e) Land cultivated "*año y vez*," that is to say, on an indefinite system of rotation: fallow (*barbecho*) and grain, or fallow and two consecutive years of grain. The total area is 3 million hectares.

(f) Land cultivated "*al tercio*," that is to say, when sowing is preceded by a year of worked fallow and followed by another year of "*erial*,"

that is to say, of unworked fallow, only allowing of grazing. The area of such land is about 7 or 8 million hectares.

(g) Land on which the year of *barbecho* is preceded by a year of *erial*. This class would comprise the rest of the area of the group, that is to say, about 5 million hectares.

§ 3. *Characteristics of Home Colonization and the Land to be Included in it.*

The problem of Spanish Home colonisation, that is to say, the problem of the reconquest of the soil thus has a twofold object : on one side, there are uncultivated areas that might be cleared and brought under cultivation or transformed into forests ; on the other hand, areas already cleared and cultivated but where a system of really intensive cultivation must be applied, or the land must be reafforested in order to consolidate the cultivated land.

In one way or other this economic reconquest by means of cultivation or of reafforestation, is a problem of the moment of the greatest importance that must be solved before anything else.

Yet we may ask ourselves if this economic reconquest of the soil is possible, if it can be made with our agricultural and forestry technique, and, admitting that difficulties arising under this aspect may be overcome, if the obstacles of social and economic order can be surmounted.

This is what we shall see in the course of our study.

§ 4. *Technical Aspect.*

The work of home colonisation has in this respect to contend against serious difficulties, which, however, are not insurmountable, if this reconquest, instead of being persistently directed towards agriculture, were directed forwards forestry, whenever this is required by the condition of the soil : and that indeed will frequently be the case, because the average altitudes of the Iberian soil being more than 700 metres (the highest in Europe, with the exception of that of Switzerland), the extremes of temperature and the general low rainfall often render the life of plants, the cultivation of which might be remunerative, difficult and precarious.

Yet it is certainly possible to bring under cultivation the greater portion of the land comprised in class (a), that is to say, the *dehesas* and a sufficiently large portion (not the largest of course) of class (b). The rest of the land included in that class and the land included in class (c) can only be regained for economy by means of reafforestation.

Among cultivated areas, it will be possible to subject to agricultural improvement, either by continuing the cultivation of field crops, or (and this is preferable) by using them for the cultivation of ligneous plants, all the areas belonging to group (f) and perhaps a small part belonging to group (g); the other areas would return to their uncultivated condition, always however, by means of reafforestation.

All we have set forth is technically possible, in spite of the evident difficulties. It is certain the *dehesas* yield their proprietors a revenue superior to that of the land in class (g), and a very large portion of the land in class (f). This is above all the case in the *dehesas* of Estremadura, situated on the banks of the Guadiana and its tributaries, and especially in the *dehesas* of the valley of Alcudia and the region called La Serena, as well as in the *dehesas* lining the banks of the Guadalquivir, which yield from 25 to 50 pesetas per hactare, without the help of any permanent improvements, or any cultivation, but only thanks to the natural fertility of the comparatively privileged soil. This proves these areas are very fertile and, if cultivated, might yield an even larger net revenue. Besides, even if the net yield were not larger, the increase in the gross produce alone would always be a social advantage: the circulation of wealth is almost equivalent to its creation, and the excess of the gross produce over the net is in itself a circulation of wealth, whilst under the present system the amounts of the net and gross produce are not distinguishable.

And this without considering that the clearing of the *dehesas*, would bring about the suppression of the plague of locusts, which, propagating by means of eggs, periodically infest the whole of the centre of Spain, destroying the seeds and occasioning the Treasury heavy expenditure in combatting this scourge, and with no great result.

It is further certain that some land of class (b) carefully selected might give a considerable yield, if brought under cultivation, the land at high altitudes being cultivated with grain and vines and the tracts of land less than 500 metres in height being cultivated with ligneous plants, above all, olive trees.

This statement is not unwarranted. In the whole Mediterranean coast belt, where, for reasons we shall enquire into hereafter, individual activity has brought under cultivation all the land of the class (b) possible, we may see to-day all the valleys and a large part of the slopes and summits clothed again with carob trees, olive trees and vines.

The effort made to win back these belts has not been limited to digging of ditches, planting of trees and clearing. The growing of ligneous plants required more work: it was necessary to prepare the soil, and hinder its being carried away by torrents, which in that region usually follow the rains. The only way to reach this end was, with the stones removed in clearing the land, to construct dikes, walls of heaped up stones,

and defence works necessitating large expense in labour : it often happens that the efficacy of the dike in the higher courses of rain water torrents does not extend even to a strip of land of a breadth equal to ten times the height of the dike itself.

The population of the regions of the East of Spain have been employed and are still continually employed in this effort of reconquest. We find an eloquent example of this in the slopes and summits of the limestone mountains of Denia, Jávea and other regions of the province of Alicante, entirely covered again with vines. In these localities, for each belt of two or three metres in breadth they had to build sustaining walls of a breadth almost equal to that of the belts of soil. This land which formerly did not even afford pasturage, thus divided, gives almost always to-day a yield of over 50 pesetas and sometimes 100 pesetas.

We may say the same of the belts on the same coast devoted to the cultivation of olive, almond and carob trees, belts where generally the only soil that could be cultivated is that of the hollow in which the tree is planted. Now if it has been and is still possible to obtain all these results on the Mediterranean coast, where the land is irregular and almost always of poor quality, and where the rainfall is lowest, we may evidently obtain by engineering the same effects in the regions of the interior.

Perhaps it will be necessary here to substitute certain crops for others : that of the vine for the production of raisins, the almond, and the carob tree will have to be abandoned in the belts above 300 metres in height, just as that of the olive will have to be in belts above 500 metres in height. The vine may however grow at a height of over 1,000 metres. The great density of the population of these regions, reaching altogether 63 per sq. km., is an important evidence of the effects of this colonisation work in the Mediterranean provinces, due essentially to private initiative.

Even excluding Barcelona, Valencia, Murcia, Granada and Malaga, in which the demographic progress is largely due to industrial progress and the produce of very fertile soils, and which, consequently, do not affect the problem of home colonization, there is still in the provinces of this belt a density of 55 per sq. km. The small province of Alicante has a density of 81 inhabitants, greater than that of France, about equal to that of Switzerland, and twice the average for all Spain.

On the other hand, the population of the Western provinces, on the Portuguese frontier, where the large "dehesas" predominate, that is to say, Badajoz, Cacerès, Salamanca, Zamora, and Ciudad Real, is hardly 21 inhabitants per sq. km., a density equal to half that of the average for the kingdom.

Again, if in both the regions considered, East and West, the soil were abandoned and left to spontaneous production, the co-efficient of the population of the Western region would fall but slightly, whilst

that of the Eastern region would disappear completely, for here, without cultivation, the soil would not even afford pasturage.

All this proves that the systems of farming the soil on the Western frontier of Spain and in a fairly large portion of the central region is absolutely contrary to the social interest.

If we now consider the problem of the transformations of the agricultural belts already brought under cultivation, that is to say of the belts included in classes (d), (e), (f), and (g), we see that it is even larger than the problem of home colonisation. And if, indeed, it has been already attacked, there is still a long road to be travelled before solving it. We find ourselves, in fact, confronted by a whole series of arduous questions: irrigation of immense belts frequently parched by persistent drought; the slow substitution of mineral manure for the system of leaving the land fallow; the attraction to the surface of the soil, by means of trees and strubs, of the humidity and fertilising elements, which, otherwise, would lose themselves in the subsoil; the utilisation of rainwater at all seasons; the fertilisation of the soil by the combined action of plants and animals; finally, the reafforestation of immense tracts of land, which formerly produced forest and pasture, and to day, after having been cleared, poorly repay the efforts of the farmers.

The problem of the agricultural transformation of Spain thus presents elements so analogous to those of home settlement, they together form almost a single problem. It is sufficient, consequently, to state here that even as regards land already under cultivation, it is possible, for engineering to transform the system of farming with advantage.

§ 5. *Legal Aspect.*

Yet it is not enough that the settlement of the uncultivated soil and the agricultural transformation of cultivated belts should be technically possible. It is also necessary that it be permitted by the social, legal and economic conditions. And it is precisely here that the greatest difficulties are met with. The Spanish soil, both the cultivated and uncultivated area, is to a large extent private property, individual or co-operative. Only a small proportion belongs to the State. Among the crown lands an area of 5 million hectares, considered as of public utility, because it consists of high mountains, or because the state will have to undertake the work of reafforestation there, is not open to settlement properly speaking; another part is utilised for public works or military defence. There is only a small portion, — formerly property of the State, and the Church, and generally the land held in mortmain, belonging to the classes (b),

and (c), and much reduced in consequence of encroachments, tacitly admitted, — that may be considered free of all legal impediments and open to settlement.

Home colonisation is almost always impeded by private ownership, by the *jus utendi et abutendi*, which, in Roman law, consecrated the principle of absolute ownership; a very serious impediment until we have in one way or other limited the right of ownership, which consists to-day, as far as land is concerned, in maintaining the existing state of things.

And, as if this were not enough, landed property presents itself, from the point of view of its subdivision, both physical and legal, under two forms essentially identical, although diametrically contrasting in form. It appears, in fact, either under the form of very extensive estates, the regular cultivation of which is not economically speaking possible for the landholder and which consequently only yield the produce of their natural resources, or under form of diminutive holdings transmitted with the inheritance of small amounts of capital, holdings which cannot advantageously attract the activities of those interested, and, losing their value more and more, become more and more remote from the types of farm which would best answer the public interest.

The cadastral report for one of the Spanish provinces, Albacete, which is the typical example for the whole Spanish territory, may give us an idea of this distribution of property. This province consists, for 27 % of its area, of parcels of an area of less than 10 hectares and on an average not exceeding 1 ½ hectares; 33 % of the area consists of parcels of from 10 to 100 hectares in area, with an average of 37 hectares; the remainder, 40 %, consists of estates of more than 100 hectares in area, and an average area of 340 hectares.

Now, as intensive cultivation hardly exists in the above province, it follows that 33 % only of the total area, including parcels varying between 10 and 100 hectares in area, can sufficiently remunerate the economic effort intensive farming presupposes. Considering that 27 % of this area is excessively subdivided and 40% too little divided, it follows that 67 % of the soil does not contribute to the social wealth in the proportion it should.

All the provinces of the Centre, the North and the East present the same conditions as Albacete : on the contrary, in the provinces of the South and West, the opposite defect is to be deplored, for there large farms prevail.

The work of home colonisation, although indirect, will thus consist, in all measures for subdividing the *latifondi* and uniting the small parcels in *homesteads*.

It is not only the subdivision of landed property from the material point of view which hinders the work of home colonisation; it is also its subdivision from the legal point of view, the distinction between direct

ownership and usufruct, emphyteusis and similar institutions (*foros, sub-foros*), remnants of the ancient servitudes, — burdening almost all the land in some provinces of the North West, and impeding the whole work of progress.

Yet, as there is nothing absolute, especially in the case, as here, of synthetical considerations, we must note that, in another part of Spain, the Eastern coast, this legal distinction has proved to be the most suitable form ; it has permitted individual activity to accomplish settlements on uncultivated land, because it is the only legal form authorizing the possession of the soil by the cultivator.

§ 6. *Social Aspect of the Problem.*

Even from the social point of view, the work of home colonisation presents difficulties : it follows in fact from what we have said that it is the less populous regions of the peninsula that must be subjected to a more intense action for the economic conquest of the soil. This reconquest must be preceded by currents of emigration from the more populous localities.

These currents already exist, and, they are in reality very intense, but they leave the country. Some seasonal, cross the Mediterranean four times a year, twice going and twice returning, supplying Algeria with a real *import of labour*. In other cases, the emigration is permanent ; the emigrants cross the Atlantic once, not to return, carrying away to America, the blood and energies the mother country, which has, however, so great need of them, has not succeeded in utilising.

§ 7. *Economic Aspect of the Problem.*

Spain then is not wanting in labour and land for home colonisation. But all that is not enough ; we can not consider this problem to-day under the same aspect as in the past, when a family or a tribe, with no other resources than its arms or its physical strength, established itself on a piece of land and there founded a settlement, which, in course of time, became a great city. The countries of the old world, the harmonious economic structure of the whole world, no longer allow such a form of colonisation. Besides the physical force of the settler, we want to-day to accumulate on the land the economic force which is the fruit of modern genius, the reserves of experience and energy, in one word, capital, so that the soil, always more unyielding, may furnish the desired produce.

§ 8. *General Tendencies.*

It follows clearly from what we have said up to the present that the problem of home colonisation in Spain, considered from the point of view of technical possibility, is first of all a legal problem, that is to say, one of economic and social character, and then a problem of agricultural and forestry technique.

In the first place, we must assure the occupation of the land and its more or less complete possession by future cultivators, if the present owners of the land fit for cultivation do not succeed in settling it or do not wish to do so.

Far from pretending to solve the problem which, nowadays, is occupying Spain, to such a degree, we shall limit ourselves only to indicating certain directions and tendencies, without ever forgetting that every legal reform, imposed by the authorities or indeed sanctioned by custom, must not only satisfy the requirements of the present and of the future, but also of the past, the spirit of which is always alive and active in every nation.

Always by way of orientation, we may then give the following outline of the Government work: direct cession of State land on certain conditions assuring its profitable exploitation; expropriation, in special cases and under special circumstances, of landed property belonging to corporations and private persons, organization of direct and indirect taxation so as to render impossible at no distant date, the possession of land susceptible of improvement by persons incapable of carrying them out; foundation of institutions of collective ownership, the *raison d'être* of which is precisely the useful transformation of the soil; extension of the right of repurchase among neighbours and admission of the right of expropriation, when the object of this is to give a holding the area sufficient for scientific farming, finally, complete protection accorded by the law and the Treasury to contracts of permanent character or long maturity, but always redeemable, so that, thanks to the separation of the two classes of property, direct and usufructuary, persons fit for settlement on the land may enjoy the usufruct.

It will serve no purpose to have established legal rules for the facilitation of home colonisation, if at the same time the economic resources are wanting.

The farmer left alone with the land, which he must first work, at least for a year, will not take a step towards agricultural transformation. If he is absolute master of a holding he will part with it for a piece of bread; if not, he will, from day to day, defer the arduous labour of the settler, limiting himself to work offering immediate remuneration. Things being so, it is indispensable to assure the settler of means for supporting

the period of waiting and uncertainty, which can only be done with the co-operation and the credit adapted to such requirements.

Spain, to speak the truth, is not wanting in co-operative societies and agricultural credit institutions : it has, in fact, 100 Chambers of Agriculture, 85 Labourers' Communities, 1,559 Agricultural Syndicates, and 384 Rural Banks with a share capital of 8 million pesetas : it has, finally, the *Positos*, ancient and venerable Spanish agricultural credit institutions, which attempt to-day, in a praiseworthy manner, to adapt themselves to modern times. If all these institutions are still but a small matter as compared with the needs of Spain, they might, however, serve as a basis for home settlements, if one could find the way by means of a safe security to strengthen the too uncertain guarantee generally afforded to-day by the settler and the always doubtful result of the settlement. In all this there are not really any insurmountable difficulties: there is, in fact, the real value of the land, which, although small, still represents an invariable amount, above all, when it is defended by direct or indirect State guarantees, fully justified when we remember that the settler is only a soldier occupied in the work of reconquest of the soil, and that the fruits of victory, which have in the first place a social character, profit him less than the taxpayer from whom the Treasury chiefly derives its resources.

There must then be instituted by the side of each settlement group, a co-operative institution, enjoying State protection and special privileges from the State, supervising and controlling the investment of the economic resources placed at the disposal of the settler ; it must have civil personality and the funds necessary for its working.

However, the entire work of the reconquest of the soil is not a matter for individual enterprise alone : a large part of the work, that which re-forestation presupposes, — always on condition that it is strictly connected with purely agricultural settlements, — must be carried out collectively. When it has to assume large proportions, the Government will also have to occupy itself with it directly, either on account of the high cost price per unit of area, or because, in view of the remote maturity of its profits, it will not succeed in stimulating individual enterprise.

We shall therefore not deal with this very important aspect of the reconquest of the soil.

§ 9. *How the Problem of Home Colonisation Presents itself in Spain, either in itself, or in relation to Agricultural Credit.*

Excepting the efforts, more generous than successful, made by foreigners in the Sierra Morena, towards the middle of the 18th century, excepting also the 1868 law, called Agricultural Settlements and Rural Population

Law, which proposed, by means of fiscal exemptions, to facilitate the building of agricultural dwelling houses, the draining of marshes, the plantation of vines and ligneous plants of all kinds, while it had for its sole result the undue exemption of a large number of persons from taxation, we must recognise that till within recent times the authorities had done very little in behalf of home settlement.

And one cannot give the name of home settlement policy to that existing under the title of *hydraulic policy*, because it is based essentially on engineering, and has no interest in any social action of agricultural credit and labour ; with all this, at no distant future, this Government work will end by being resolutely directed towards the whole work of home colonisation. A first step has been made in this direction, although a timid and merely tentative one, by the law of 1907 on Home Colonisation and with various measures tending to organize reafforestation itself, which is, almost absolutely and with reason, entrusted to the action of the State.

Private initiative has often operated in the field of home colonisation, to a much greater extent than this authorities ; the work has been accomplished in the Eastern and Northern regions. In the former, which was reconquered in the military sense two centuries before Andalusia, either by reason of the nature of the soil on the special organization given to it by the Kings of Aragon, it was not possible to form very extensive landed estates ; it was not, therefore, difficult, here to extend cultivation to all the land materially capable of it, either directly by the landholders themselves, or by means of long leases, by which the métayer became possessor of the property, except for the obligation of paying the direct proprietor a fixed proportion of the gross yield from the trees the métayer had to plant.

§ 10. *Law on Home Colonisation (August 30th., 1907).*

The object of this law, as is declared in the first article, is to fix on the land families unemployed and without funds to provide for the essential necessities of life ; to arrest emigration ; to repopulate the country ; to cultivate the uncultivated or ill cultivated lands. The problem is therefore formulated in its complex aspect. But the law has not yet decided to extend the settlements to other land than that belonging to the State, except of course to the land already assigned for the purpose, before the publication of this law, for reafforestation or forest plantation, for reasons of public utility.

The landed estates the State can give to-day are of little value ; they are almost all of irregular area ; often they are not fit for cultivation or even reafforestation ; some of them have been subject to trespass and encroachment ; many are still without definite boundaries. It will then be easily

understood that this law can but be, directly, of insufficient efficacy, whilst it may become very important as an attempt, and serve for useful instruction.

It thus authorizes the Communes, the property of which is not dependent on the Central Government, to found home settlements like those contemplated in the law itself.

Besides, it organizes the procedure for the award of land ; it provides that the lots be greater or smaller, according to circumstances, so that they may all produce at least enough for the maintenance of the labourer and his family.

The right of the settler is limited for five years to mere possession ; breach of the provisions in favour of the good individual and collective régime of the settlement is prevented by means of effectual penal clauses. The State, even after the grant of complete ownership, always reserves the right of repurchasing land not brought under cultivation or badly cultivated.

Deeds of donation, exchange or sale of the lots are considered null, if passed within the first six years from date of award.

Encouragement is given to the formation among the colonists of certain bonds of union, establishing the obligation of the farmers of each settlement, to associate in co-operative societies; the law grants these institutions preference rights and right of repurchase of land put up for sale.

It further establishes the perpetual indivisibility of the lots, which, besides, may not be mortgaged except by legal mortgage in favour of the State, the husband or wife and children, besides these mortgages cannot affect the produce nor alter the indivisibility of the lot in cases of legal execution. The settlers thus being unable to give real estate as security, were without one of the fundamental bases of credit, wherefore the law has obviated the difficulty, by authorizing the co-operative settlers' societies to stand security.

Finally, the Government, in the absence of special credit institutions, which the law is not ready to found, facilitates for the settlers, by means of co-operative societies formed among them, the credit necessary for the installation of their families and the utilisation of the land, for the house, the implements, the animals for farm work, seeds and manure, as well as granting them subventions in money for their personal needs, until they are able to reap the reward of their labour. To carry out the law and safeguard the principles by which it is animated, a central colonisation committee has been instituted, composed of high officials, experts in agriculture and forestry and members of Parliament, as well as members of the Social Reform Institute. This Council was organized after the King had authorized the law ; its working was regulated by special rules. Thus, the Committee was able to catalogue the landed estates suitable for settle-

ment and submit to Government the approval of some proposed settlements, that might serve as examples and provide practical experience to be utilised in a large and complete work of home colonisation.

A uniform type of regulations has been established for the use of the co-operative societies, which, as "intermediary and instructive institutes for the settlers in their need of credit, in economy, mutual aid, purchase and sale, and agricultural improvements," chiefly set before themselves the following aims :

Purchase of food and various articles, seeds, manure, cattle, etc.; transformation of the agricultural produce of the settlement, as well as its sale ; organization of agricultural insurance, credit, economy and thrift ; maintenance of relations with other co-operative societies ; reafforestation ; organization of instruction, of recreation, etc.; exercise of the right of pre-emption and repurchase of the lots ceded by the settlers ; organization of assistance and succours ; maintenance and repairs of buildings and furniture ; performance of experiments ; management and distribution of the subvention in money given with the award of the lots. For this purpose the society is recognised as in the enjoyment of full legal powers.

Its capital is formed of subventions in money granted to the settlers at the date of the award, or subventions the State or private persons may grant in the future ; buildings and furniture ; draught animals, revenue of and produce of forests for the first ten years.

The revenue of the society is made up of members' shares, personal contributions, profits of business, produce of the Experimental Farm and of the livestock held collectively.

Like the settlements, generally, these societies are, for a certain term, under the guardianship of the Central Committee, exercised by a permanent delegate, who is at the same time technical manager of the settlements and president of the Board of Management of the Society.

The economic working of the society presents four aspects : It is at one and the same time a *Co-operative Society for Production*, a *Distributive Co-operative Society*, a *Co-operative Society for Mutual Aid*, and a *Loan and Savings Bank*. The profits or losses from each of these departments are divided among the settlers in proportion to the degree the members participate in each of them ; the profits may besides be paid into the Savings Bank of the society, and the society may conduct business of every kind with other credit institutions.

We may distinguish three general types among the settlements founded or projected up to the present ; namely, settlements for intensive cultivation, settlements for extensive, and those for an intermediate class of cultivation.

§ II. *Intensive Cultivation Settlements.*

There are two settlements of this kind, differing largely from one another, both in their organization and in their geographical position.

One of them, "La Algaida," is situated in the province of Cadiz, at the mouth of the Guadalquivir; the scheme of this settlement, approved by law, is being carried out. On the sea coast sandhill on which it is situated the system of *navazos* will be adopted and vegetables and vines cultivated.

The *navazo* system, characteristic of these sandhills, consists in utilising by capillary attraction the water at a low depth beneath the sand: for the purpose, it is necessary to prepare the superficial soil by means of a special working of the ground so that the extremities of the roots, prolonged extraordinarily by geotropism, may absorb the humidity of the water bearing strata below. Generally, irrigation is not necessary for the crops: only in summer when the level of the water bearing stratum is low, all the plants must be watered, one by one, by hand.

Thus, from this sandy region which would seem to be a desert, early horticultural produce is obtained, in such abundance that a *navazo* hectare is recognized as sufficient for the maintenance of a family.

Vines also planted in these sands give a considerable return: and it has even been proposed to undertake their cultivation in the parts of the settlement where the aqueous stratum is lowest and where the cultivation of vegetables could not succeed. The vineyard lots will be of an area of two hectares. The settlement will consist altogether of 250 lots, including both those planted with vines and those planted with vegetables, and there will consequently be an equal number of families.

The other intensive cultivation settlement is at Denia, in the province of Alicante. But here, instead of settlement,— a large part of the land being in fact already under cultivation — an attempt is being made at restriping. The holdings of the settlement occupy the summit and the slopes of Mount Mongó, 712 metres high, situated at a distance of only three kilometres from the sea. Wherever the slopes offer a little soil for cultivation, it has been cleared and planted: the stones removed from the land are utilised to build walls to sustain the soil, which thus show the curves of the levels. An equal area of wall corresponds to each square metre of land; in this way, the vineyards extend step by step to the summit of the mountain.

The occupation and clearing of these regions was carried out independently of the Government which, now, is hastening to recognise it, converting the state of fact into one of law, granting subventions and assistance to the farmers, organizing them in settlements and finally, restriping

the diminutive holdings, the result of unregulated individual action, transforming them into lots of four or five hectares, an area judged sufficient for the maintenance of a family of labourers.

A part of the settlement will be kept under collective management and devoted to the cultivation of thornless prickly pear, as a foodplant for animals, and to that of palmetto as an industrial plant. Livestock improvement and reafforestation will also come under the collective management. The restriping is a large problem. As it is a matter of several thousand parcels, in spite of financial assistance and compulsory expropriations when indispensable, the work will be slow and difficult and time must pass before the work of settlement can be considered accomplished.

§ 12. *Extensive Cultivation Settlements.*

To this class, in which livestock improvement is given the preference over pure agriculture, belong the settlements of "Castillo de Locubin," "Los Alisos," and "Las Navas," in the provinces of Jaen and Ciudad Real: in these the lots vary from 30 to 40 hectares and the owners enjoy the greatest possible liberty of initiative, as nature in these regions is more difficult to combat and the victory is more uncertain.

§ 13. *Settlements for Cultivation of an Intermediate Character.*

We may include under this head the settlement of "Els Plans," already in full working order, and that of "Sierra Salinas de Villena," which has reached a very advanced stage; both these settlements are in the province of Alicante. We must also include the settlement of "Sierra Salinas de Yecla," in the province of Murcia, still only in project.

The lots here vary from 20 to 30 hectares in area: the plants chiefly cultivated will be cereals, vines and olive trees, except at "Els Plans," where this latter plant does not succeed well, on account of the very high altitude, of more than 1,000 metres.

In these settlements wine and oil will be made on the collective system: the work has been entrusted to the co-operative society.

These settlements are on the high slopes and consequently demand a treatment of the soil similar to that we have previously spoken of. But if the work is hard and costly, the result is certain, as shown by experience in similar regions.

Here also, livestock improvement and reafforestation are carried on under collective management.

In the settlement of "Els Plans," there are 10 lots, in that of "Sierra Salinas de Villena," 49; in the settlement of "Sierra Salinas de Yecla" the latter number is slightly exceeded.

§ 14. *What has been learned.*

We cannot as yet deduce with certainty the practical teachings that may serve to guide us in future home colonisation work.

We know, meanwhile, the difficulties in the application of the law. We may affirm, already, that if it is desired that the settlements should assume large proportions — and that is the only way of attaining the object — we cannot allow the Treasury to bear, as now, all the expenses of the undertaking, as that would mean a real expropriation without compensation of the land of one social class for the benefit of another.

The financial intervention of the State must not exceed the limits of the loan to be repaid: thus, a special credit institution is required, which, while giving facilities for credit, may at the same time guarantee the investment of the funds and, in any case, dispose of sufficient means for really obtaining repayment, always on condition of not burdening the settlement too soon with large sinking fund contributions.

On the other hand, it can not be admitted that the landed property of the State and corporations will suffice for the requirements since, as we have indicated, their area is restricted and the quality of their soil inferior.

Therefore, there remains nothing to be done except to expropriate large estates the yield from which is small, giving due compensation which might be advanced by the credit institution, on the security of the State, and repaid gradually within a fixed period.

§ 15. *Bill submitted to Parliament.*

The general principles set forth above form the basis of the bill now before Parliament.

The bill differs in the following details from the law now in force:

The landed property of the State and of the Communes appropriate for the purpose are declared subject to settlement in an absolute sense; private landed property in the same condition may be so in a relative sense.

The settlement of these latter landed estates shall be effected by the State, after expropriation, by agreement or compulsory, or by the owners

themselves, who shall have the right, in this case, to subventions and advances repayable by means of the produce of the settlement.

The costs of management, of plans, technical direction, etc., shall be as before, paid by the State and are not to be repaid at a later date; yet the advances and subventions, and the costs for the foundation of the settlements and the execution of the plans will be provided by the Bank of Spain, or the Mortgage Bank, or independent financial institutions, always under the guarantee of the State, represented for the purpose by the Central Colonisation Committee.

Let us hope that the bill will become law before the end of the year: then it will be possible to say that Spain has resolutely faced the problem of the economic reconquest of the soil.

We shall say before concluding, that if we have treated the complicated problem of home colonisation in Spain at such length, it is because it would not have been possible otherwise to explain the special conditions, that, as we see, agricultural credit presents. Both from the technical, and above all from the legal point of view, the great reform demands exceptional measures and privileges for credit.

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